

MINUTES OF THE Housing Select Committee
Tuesday, 19 May 2015 at 7.30pm

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

Apologies: Councillor John Coughlin.

Also present: Kevin Sheehan (Executive Director, Customer Services), Genevieve Macklin (Head of Strategic Housing), Jeff Endean (Housing Programmes and Strategy Team Manager), Madeleine Jeffery (Private Sector Housing Agency Manager), Roz Spencer (Co-ordinator, Rogue Landlords Taskforce), Mark Humphreys (Group Finance Manager, Customer Services), Rachel George (Partnerships and Regeneration Manager), Martin O'Brien (Sustainable Resources Group Manager), Charlotte Dale (Overview and Scrutiny Manager) and Roger Raymond (Scrutiny Manager).

1. Minutes of the meeting held on 15 April 2015

- 1.1 RESOLVED: That the minutes of the meeting held on 15 April 2015 be signed as an accurate record of the meeting, after the following amendment at 4.2: "To add an item looking at Health and Housing, with specific reference to tenants with mental health needs.....".

2. Declarations of Interest

- 2.1 Councillor Wise declared a non-prejudicial interest as a member of the board of Lewisham Homes.

3. Private Rented Sector Licensing Scheme - Update

- 3.1 Roz Spencer (Co-ordinator, Rogue Landlords Taskforce) gave a presentation to the meeting. The key points to note were:
- The presentation included an overview of the information that the Committee had previously received at their December 2014 and March 2015 meetings.
 - For a proposal to introduce additional licensing of flats over commercial property (which is about 4,200 lettings in 1,800 properties), the Council proposes a charge of £500 for a 5-year license. Assuming the smallest letting – at local housing allowance level - this fee would represent approximately 2% of the rental income.
 - The estimated total recoverable costs from the license fee would be approximately, £1.997m.
 - The enforcement costs to the council General Fund would average £350,000 – 480,000 per year for 5 years. This would be a cost of up to £2.4m. Aware of the need to limit the cost to the council of the scheme – officers have costed the scheme on the basis of counting everything required to run the scheme from a zero base. In practice however, some of the resources the Council

needs are already built into the base budget – and the allowance for corporate overheads could also be squeezed – so officers are aiming to bring the actual costs down to lower end of this range when we have worked up the detailed scheme.

- £25,000 would need to be found from this year's existing budgets to fund the consultation for the scheme.
- Conclusions are:
 - Worst PRS is over commercial premises
 - Licensing can provide a portfolio solution for regulation
 - Cost of running a scheme ranges from £350,000 to £480,000 per year
 - Risk of reducing supply of affordable housing set against the risks of failing to raise standards in the worst PRS stock in the borough
- The project work & timetable for the scheme is as follows:
 - Work up detail of scheme and license conditions
 - Possibility of procurement of Northgate software and web portal for online license applications
 - Consultation and consideration of feedback – minimum of 12 weeks
 - 3 month publication Notice -12 weeks
 - Critical path estimated - minimum 9 months

3.2 In response to questions from the Committee, the following was noted:

- Lewisham will ensure that the consultation process meets all the requirements necessary to reduce the likelihood that it would be subject to a legal challenge.
- Local authorities cannot recover the costs of enforcement from a licensing scheme, nor can it recover the initial start-up costs for the scheme. Costs to run the scheme are recoverable through the licensing fee.
- When the Council sets its budget, it calculates its income from council tax based on a number of complex variables. Officers would be wary of introducing further variables into the estimation of the collection of council tax based on what might be recovered as a result of the licensing scheme.
- Lewisham has formed an internal bailiff team that is helping with the enforcement of unpaid council tax.
- Officers have attempted to estimate the amount of lettings in the prescribed area, and not the amount of landlords who may operate there.
- The fee to landlords is estimated to be about 2% of a landlord's average annual income in Lewisham.
- The Council will continue to work to tackle rogue landlords in the borough, and due to the work already being carried out, some of the costs of the licensing scheme will be offset by systems already in place.

3.3 RESOLVED: That the Committee:

- a) Support the proposals to introduce the licensing of flats over commercial property that are going to Mayor and Cabinet.
- b) Would like to continue to receive updates as part of its 2015-16 work programme.

4. New Homes Programmes - New Homes, Better Places Update

4.1 Jeff Endean (Housing Programmes and Strategy Team Manager), gave a presentation to the meeting. The key points to note were:

- The Committee received an overview of the report that was available to Members as part of the agenda papers.
- 29 schemes have been identified for developing new homes, all of which are different stages. Ongoing site reviews and capacity studies will continue to identify potential locations for the construction of new homes and develop options for these. The results of this process will then be used to create schemes for development, and further schemes will come forward until the target of 500 new Council homes under construction is met.
- The current programme represents the sites with the greatest potential for the delivery of new homes. These sites also include plans for the conversion of existing non-residential assets into social housing.
- There is a completed development at Mercator Road: the construction of four 3-bed and two 2-bed houses was completed in February, with those properties let to households on the housing register in March 2015.

4.2 In response to questions from the Committee, the following was noted:

- Social rent is regarded to be approximately 40-50% of market value.
- The Council are prioritising 2-bedroom properties and some family homes.
- Those properties targeted for 'outright sale' are in highly sellable areas in the borough, and the lower estimate would be approximately £300,000 per unit.
- Some of the Registered Housing Providers stated at the March 2015 meeting that the position of the South East London Housing Partnership is that 75% of properties that are 2-bedrooms and above should be made available for the Local Authority. Lewisham's position is that 100% of nominations should be made available, where possible.
- The Council is developing its strategy on new builds as it gains more knowledge of the housing stock and gains more experience in this area, for example, it will look at increasing the density of properties in more areas than previously thought. It will ensure the best outcome in light of resources, commercial realities and planning risk.
- The Council is trying to help increase properties for temporary accommodation with initiatives such as the pop-up village in Ladywell, and purchasing properties such as Hamilton Lodge. There are still other instruments it will need such as discharging into the private rented sector, but the new properties will make a contribution.
- The policy of 'discharging temporary homeless into the private rented sector' has been agreed by Mayor and Cabinet and officers are now looking at the policies that need to be put in place to implement the policy.
- Since this was last discussed at this Committee, there have been two court cases: one, where a mother of five children won her legal case to prevent Westminster Council from rehousing her family in Milton Keynes; and another involving Southwark Council and their assessment of homelessness, so more development is needed before the changes are implemented.
- All Members are welcome to visit the constructed sites and help promote the work being carried to provide more affordable housing in the borough.

- The pop-up village planned for Ladywell is based on the YMCA 'Y-Cube' project design.

4.3 RESOLVED: That the Committee note the report.

5. Communal Heating Systems Review - Report and Recommendations

5.1 Roger Raymond (Scrutiny Manager) introduced the report. The key points to note were:

- It was the Committee's job to agree the draft review report and also consider any recommendations the report should make.

5.2 In response to questions from the Committee, the following was noted:

- The following recommendations were suggested for the review report:
 - Recommendation 1: The Council should explore the gap between the projected 'potential' performance of communal heating systems (manufacturer's estimations) and their 'as built' performance (actual performing rates). This could be done by engaging independent engineers, paid for by the developer, to assess the performance of the installed systems at a number of practical intervals as the scheme is built out. This would enable the Council to produce a revised assessment of schemes once built, which would also incorporate any changes made during the building process.
 - Recommendation 2:
 - The 'as built' assessment figures (see recommendation 1) should be compared with the Standard Assessment Procedure (SAP) calculator figures to determine if schemes are performing as expected and delivering the carbon savings they are intended to deliver.
 - The Council should lobby other local authorities and housing associations to collect 'as built' performance data.
 - This data should be shared with the GLA and DECC to allow a thorough evaluation of installed communal heating schemes to take place in the hope that a thorough evidential foundation can be established for communal heating schemes.
 - The Council should put pressure on the GLA and DECC to undertake this evaluation and develop a systematic approach to reviewing successful and less successful communal heating schemes. This would enable, for example, the GLA to better understand the impact of their decentralised energy policies, to verify their carbon saving calculations and help establish an evidence base which might encourage better practice across the industry.
 - Recommendation 3: The Council should consider setting minimum design efficiency/loss requirements at the planning stage for communal heating schemes.

- Recommendation 4: The Council should consider undertaking a piece of work to compare costs, heat loss, carbon savings etc. for residents in new builds with communal heating systems and those with individual boilers, and then project these forward to assess if the benefits/losses even out in the future. In this way the Council can create a realistic heat comparator for residents.
- Recommendation 5: The Council should look very critically at attempts to down-grade or mitigate planning conditions that are made after planning permission has been granted.
- Recommendation 6: As a local authority, Lewisham should 'slow down' the pace of adopting communal heating systems and make sure that we critically engage with other options available to deliver carbon savings, moving our emphasis from simple compliance to actual performance.
- Recommendation 7: The Council should insist on the installation of ultra-low NOx boilers in medium and poor air quality zones.
- Recommendation 8: Based on the evidence the Committee heard, the definition of what constitutes a major development (10 units+) falls below the threshold of a viable communal heating system. Planning decisions need to properly take into account the viability of such schemes, particularly given the air-tightness of new dwellings.
- Recommendation 9: The Council should consider insisting that all developers using district heating sign up to and comply with the Heat Network Code of Practice, prioritise cases of overheating and follow good practice established elsewhere. This should include existing social housing developments where communal heating systems have been installed and where poor performance has been reported.
- Recommendation 10: The Council's Head of Law should be asked to comment on the equalities and other legal implications of communal heating schemes, in particular that high charges mean that some of the borough's poorest residents are paying to deliver wider carbon savings; and that, where there is no opportunity to opt out of the communal system residents are, in effect, being denied a choice of heating and hot water supplier.
- Recommendation 11: South East London Combined Heat and Power (SELCHP) is a good example of a large scale, viable district heating scheme. The Council should work hard to bring forward proposals to connect Lewisham housing estates to the network.
- Once the report goes to Mayor and Cabinet, it should also be made available to other bodies, such as the Greater London Authority.

5.3 RESOLVED: That the Committee agree the report and recommendations and that they be referred to Mayor and Cabinet.

6. Select Committee work programme

6.1 Roger Raymond (Scrutiny Manager) introduced the report. The key points to note were:

- The items scheduled for the July meeting are as follows:
 - Lewisham Homes - annual report & business plan
 - Brockley PFI - annual report & business plan
 - Affordability Across All Housing Tenures – Review (Scoping Paper)
 - Single Homeless Intervention and Prevention (SHIP)
 - Key housing issues - Government Housing Policy & Welfare Reform Changes - Update

6.2 In response to questions from the Committee, the following was noted:

- The item on Community Centres on Estates is scheduled for the October meeting.

6.3 RESOLVED: That the Committee agree the work programme for 2015-16.

7. Items to be referred to Mayor and Cabinet

7.1 Items to be referred: Communal Heating Systems Review - Report and Recommendations at 5.3.

The meeting ended at 9.00pm

Chair:

Date:
