

Housing Select Committee		
Report Title	Milford Towers Leasing Scheme	
Key Decision	No	Item No. 7
Ward	Rushey Green	
Contributors	Head of Strategic Housing	
Class	Part 1	Date: 8 July 2015

Reasons for lateness and urgency

This report is late owing to delays in collating all the information required from a number of different Council departments and third parties so as to provide the Committee with the most up to date detail possible. The report is urgent because there is no alternative time at which the Committee can pre-scrutinise this report in advance of full consideration of the matter by Mayor & Cabinet on 15 July.

1. Overview

- 1.1. Ahead of the long-term regeneration of the Catford town centre, Mayor & Cabinet agreed in 2011 to decant the Milford Towers block above the shopping centre in Catford, and subsequently agreed to enter into a leasing arrangement so that the homes that had been decanted could be made available on a short term basis to local residents at an intermediate rent.
- 1.2. This leasing arrangement was initially scheduled to complete at the end of 2015, as demolition in advance of the long term regeneration of the town centre was expected to start in 2016. As a result of an ongoing options review, including into the potential to re-site the South Circular road, this date has now been moved back and vacant possession is no longer required at the end of 2015.
- 1.3. As such, a decision needs to be made by Mayor and Cabinet regarding how the Council manages the ongoing decant whilst assuring it can ensure vacant possession prior to demolition. Officers are going to recommend to the meeting of Mayor and Cabinet on 15 July to extend the leasing arrangement up to a further three years to December 2018, with reviews to be held annually, and the ability for both parties to end the arrangement at the annual review stage.
- 1.4. In order to enable Committee to have an opportunity for pre-scrutiny of this item, this report sets out an abridged version of the report that Mayor and Cabinet will consider on 15 July. This version excludes the

commercial and financial information, which will be considered by Mayor and Cabinet in closed session, but it does set out the remainder of the report so that Committee is able to consider the rationale and business case in advance of decision making.

- 1.5. From this point forward the report contains the non-commercial elements of the Mayor and Cabinet report on the same subject.

2 Purpose of report

- 2.1 The purpose of this report is to enable Committee to pre-scrutinise the report to Mayor and Cabinet for the extension of the leasing scheme that is currently in operation for the properties in Milford Towers in Catford that were previously Council homes and which have been decanted in advance of the regeneration of Catford Town Centre.

3 Summary

- 3.1 The process of decanting tenants from Milford Towers began in 2012 as part of the Council's long-term plans to regenerate Catford town centre. As an interim measure, a number of the properties that became empty were leased to Notting Hill in March 2013 so that they could be let on a short term basis at sub-market rent.
- 3.2 This arrangement was entered into in order to prevent Milford Towers from becoming increasingly empty in advance of the longer term regeneration, whilst also reducing the risk of squatting and anti-social behaviour in the locality. It also provided a mechanism to minimise the amount of rent lost pending regeneration, while offering a housing solution for groups of local residents who may otherwise struggle to obtain self-contained accommodation locally, such as key workers and other people in work on relatively low incomes.
- 3.3 The latest monitoring data show that the scheme has been a success. 179 homes have been let on a short term basis, with the majority (60 per cent) let to residents who are in work but unable to afford full market rents. 80 per cent of the tenants were previously residents in Lewisham or other neighbouring boroughs. A number of tenants have "moved on" into this accommodation from HMO type shared living. The location provides an excellent base for the number of the residents who work in service trades in London. Furthermore the scheme provides a small income to the Council and retains an active income-earning resident base in Catford to help support the shopping centre.
- 3.4 The current short-term leases are due to expire in December 2015, as this is the time at which the demolition of Milford Towers was originally expected to commence. The on-going TFL review of options for the location of the South Circular means that demolition will not commence at that time. Given the success of the scheme to date, officers

recommend that the lease be extended in the manner set out in the body of this report.

- 3.5 Section 32 of the Housing Act 1985 requires the Council to apply to the Secretary of State for permission to extend the leases in the manner proposed, and the Council's constitution requires any application to the Secretary of State for disposal consent under Section 32 to be approved by Full Council. As such the Mayor and Cabinet report will recommend that the Mayor agrees to recommend to Full Council that the Council should apply to the Secretary of State for permission to extend the lease in the manner set out in this report.

4 Policy context

- 4.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Sustainable Community Strategy policy objectives:

- Ambitious and achieving: where people are inspired and supported to fulfil their potential.
- Empowered and responsible: where people can be actively involved in their local area and contribute to tolerant, caring and supportive local communities.
- Healthy, active and enjoyable: where people can actively participate in maintaining and improving their health and well-being, supported by high quality health and care services, leisure, culture and recreational activities.

- 4.2 The proposed recommendations are also in line with the Council policy priorities:

- Strengthening the local economy – gaining resources to regenerate key localities, strengthen employment skills and promote public transport.
- Clean, green and liveable – improving environmental management, the cleanliness and care for roads and pavements and promoting a sustainable environment.

5 Background

- 5.1 The Council has been preparing long-term regeneration plans for Catford Town Centre for a number of years. In order to realise those plans it is necessary to achieve the full vacant possession of all of the Council's assets in the area, including the Milford Towers block which sits about the Catford shopping centre.

- 5.2 Milford Towers comprises 276 residential units which were all previously Council homes let on social rents and managed by Lewisham Homes. The scheme has a preponderance of studio and one bed flats, limiting the range of household types and sizes which

could be accommodated there, and creating a range of housing management pressures. In advance of the longer-term plans for regeneration, Mayor & Cabinet agreed in September 2011 that the decant of Milford Towers should commence, enabling officers to work with secure tenants to find alternative accommodation. At that time the Mayor also agreed to the implementation of a leasing scheme as the best mechanism for providing appropriate security measures, whilst maintaining a useful form of housing provision and also generating a small income stream for the Council.

5.3 In March 2013 a leasing scheme with Notting Hill was approved, to enable Notting Hill to provide short term housing for local people receiving low incomes, but who would not be eligible for social housing. At that time the following policy objectives were agreed for the project:

- To prevent Milford Towers becoming increasingly deserted during the development process and help maintain it as an occupied and thriving community
- To maintain security through the presence and occupation of tenants and thereby to reduce the risk of properties being squatted
- To help address the fear and risk of crime and anti-social behaviour that is associated with deserted estates
- To provide much needed low-cost rented accommodation to help meet housing need, and by promoting the scheme locally to target the opportunity to local people on low incomes.
- To maintain a revenue stream for the Council, helping to maintain the viability of the town centre and support the long term regeneration plans
- To maintain a number of homes to be available for use as temporary housing for homeless households, reducing the Council's reliance on more expensive forms of temporary accommodation
- To achieve all of these objectives in a manner that helps to ensure that full vacant possession of Milford Towers can be achieved in an orderly manner and at the time it is required to enable demolition.

5.4 The leasing scheme was originally framed to expire at the end of December 2015, as that was the time at which it was expected that vacant possession would be required in order to demolish the block. It is now no longer the case that demolition will take place early next year and as such this report presents a summary of the operation of the scheme to date and recommends that it be extended for up to a further three years, with an annual review process and the ability for both parties to end the arrangement at the annual review stage.

6 Operation of the scheme and rationale for extension

- 6.1 Over the past three years officers have been supporting the decant of the Council tenants and, since this leasing arrangement was finalised, an increasing number of the homes that have become vacant have been transferred to Notting Hill. As at the end of June, the latest tenancy information for the 276 residential units was as follows:

Tenancy type	Number
Remaining social tenants	26
Remaining leaseholders	22
Decanted properties used for temporary housing for homeless households	45
Decanted properties leased to Notting Hill	179
Voids	4
Total	276

- 6.2 The properties that are used for temporary housing, as well as the remaining tenants and leaseholders, are managed on behalf of the Council by Lewisham Homes, while the other units are managed by Notting Hill. In order to maintain the effectiveness of this mixed management approach Council officers hold regular client meetings to monitor performance, ensure that the properties are let and managed in accordance with the contract, and to monitor anti-social behaviour in the locality. This group has effective working relationships with a range of local partners, such as the police, and has achieved significant success in resolving issues – such as crime, ASB and rough sleeping – as they arise.
- 6.3 As the table above shows, the scheme has achieved its first key policy objective, in ensuring that throughout the decant process Milford Towers remains fully let and occupied pending the regeneration. Furthermore the latest monitoring data that Notting Hill has for its tenants shows that the scheme is also achieving its objectives in relation to providing a housing option for local low income workers, and a recent survey of tenants has showed a high level of satisfaction.
- 6.4 In relation to providing a housing option for local low income workers, the monitoring data shows that of the 179 flats that are leased through Notting Hill, 106 (59 per cent) are let to residents who are in work and 142 (79 per cent) are let to residents who previously were resident in

Lewisham or in Bromley, Bexley, Greenwich or Southwark which collectively make up the south east London “sub-region”.

- 6.5 In advance of considering the merits of extending the lease arrangement, Notting Hill undertook a survey of its residents to ascertain their level of satisfaction with their homes and with Milford Towers generally. A sample of 10% of the residents were surveyed and based on the results so far the main findings of this exercise were:
- 87% of the residents are happy or very happy with their home in Milford Towers. The remaining 13% are satisfied with their homes.
 - Many of the residents comment on the quality of Notting Hill’s housing management service.
 - Many of the residents have lived in Lewisham for some time and are satisfied with living in the Catford area. Their tenancy in Milford Towers has allowed them to maintain their jobs in London and maintain their links to local schools and hospitals.
 - 100% of the residents surveyed said they would want to carry on living in Milford Towers for at least two more years if they are able to.
- 6.6 There are currently 26 social tenants remaining on the estate and the decanting of these residents is ongoing. There are also 22 leaseholders, and the voluntary buy-back of these properties will shortly commence in line with a Mayor & Cabinet decision made in January 2015 to buy back every leaseholder on regeneration schemes, where leaseholders wish to sell, in order to use the vacant properties as an alternative to high cost temporary accommodation.
- 6.7 The long term regeneration of the town centre was originally envisaged to commence in 2016, and as such the expected date for vacant possession – and therefore the current end date of the lease arrangement – is December 2015. However, as a result of the ongoing review of a range of long term options, and especially the potential to re-site the South Circular – which would have significant effect on the development site available for regeneration – the expected date for the commencement of regeneration has been pushed back.
- 6.8 Given the need to continue to provide a secure and effective leasing scheme, as vacant possession will not be required this year as expected, officers have considered both re-tendering the lease arrangement and re-negotiating the existing arrangement, and believe that the latter offers the best balance of value for money and practical housing management benefits.
- 6.9 The alternatives – re-tendering – would require a significant amount of staffing input and financial costs to the Council, as 179 leases would

need to be re-issued over a period of two months. This would be unsettling for the existing tenants, and would also put at risk the existing successful arrangement by removing a housing manager which has built up excellent knowledge and experience of the estate and its tenants, and replacing it with a new housing manager.

- 6.10 As such, officers have concluded in-principle negotiations with Notting Hill about an extension to the existing arrangement and a re-assessment of the commercial terms in favour of the Council, pending the formal decision making that is required by the Mayor and by Full Council.

7 Conclusion

- 7.1 This report is an abridged form of a report to Mayor and Cabinet that is scheduled to be considered on 15 July. It shows the rationale for extending the lease arrangement with Notting Hill, although it excludes the financial and commercial information that will be considered by Mayor and Cabinet in a closed session.
- 7.2 Officers consider that extending the current leasehold arrangement with Notting Hill provides the most practical and effective method for securing the vacant properties in Milford Towers ahead of long term regeneration, while continuing to ensure an income for the Council.

8 Financial implications

- 8.1 Under the current arrangements with Notting Hill, the Council received approximately £600k in the last financial year. It is estimated that the proposed extension to the agreement could raise an additional net income to the Council of between £200k and £250k per annum.
- 8.2 It should be noted that the additional income will cease once the planned demolition of the block commences. This means that the additional income could be used to support short term pressures rather than form a part of the Council's longer term financial strategy

9 Legal Implications

- 9.1 Under Section 32 of the Housing Act 1985 a local authority may not dispose of land held for housing purposes (Part II) without the consent of the Secretary of State. The grant of a lease of any length is a disposal for this purpose. If agreed, the extension of the existing leasing arrangements will need to be dealt with by granting new leases of all of the properties to Notting Hill. On 13 March 2013, the Secretary of State issued a series of General Disposal Consents under Section 32. General Consent A4.2.1 provides that a local authority may grant a lease of a term of less than 7 years and the Council was therefore able to rely on this General Consent to grant the existing leases to Notting Hill and a specific disposal consent was not required. However, on the

expiry of a tenancy covered by General Consent A4.2.1, the Council is not allowed to grant a further tenancy until one year after expiry of the original tenancy. There is no other General Consent that applies which means the Council is required to apply for a specific consent under Section 32 to enter into the new leases.