

<b>Housing Select Committee</b>			
<b>Title</b>	Housing Strategy Update		
<b>Key decision</b>	No	<b>Item no</b>	4
<b>Wards</b>	All		
<b>Contributors</b>	Executive Director for Customer Services		
<b>Class</b>	Part 1	25 May 2016	

## **1 Summary**

1.1 Lewisham's Housing Strategy for 2015-2020 was approved by Full Council on 24 June 2015. The strategy set out the Council's priorities for addressing the housing challenge in Lewisham. The priorities are:

1. Helping residents at times of severe and urgent housing need
2. Building the homes our residents need
3. Greater security and quality for private renters
4. Promoting health and wellbeing by improving our residents' homes

1.2 Since the Housing Strategy was approved, there has been an unprecedented amount of change in the direction of housing policy. The principles of our Housing Strategy remain the same, however the changing external environment means that the Council will need to continue to review how it delivers its priorities based on the challenges and opportunities which arise.

1.3 Officers propose to review the Housing Strategy in light of these changes in the external environment and produce an update to the strategy to be brought back to Committee later this year and reported to Mayor and Cabinet in early 2017.

1.4 This report sets out the main achievements to date in meeting the priorities in the Housing Strategy, and outlines the challenges ahead.

## **2 Recommendation**

2.1 It is recommended that Housing Select Committee:

2.2 note the progress made in implementing the Housing Strategy to date.

2.3 note that officers will review the strategy in light of the changes in housing policy and the external environment and report back to Committee later this year.

### 3 Background to Lewisham’s Housing Strategy – housing supply and demand in London and Lewisham

#### London-wide housing context

- 3.1 London’s population is forecast to increase by 1.5m to 10m people by 2030. London is currently growing by 50,000 – 60,000 households a year. This means that London needs 500,000 new homes over the next decade.
- 3.2 Currently, an average of 27,000 new homes are delivered each year in London; private house builders have never built more than 18,000 homes a year. Last decade 194,000 new homes were built.
- 3.3 The average house price in London is now £530,000, a 13.5% increase in the past year, whilst the average deposit of a first time buyer in London is now over £90,000.
- 3.4 The reduction in housing supply and rising house prices has caused a significant increase of the private rented sector (PRS). The PRS in London has doubled in the last ten years and is becoming the norm for younger generations of Londoners: ‘Generation Rent’.
- 3.5 Market rents are increasing much more quickly than incomes – many tenants pay more than half their net income in rent. The unaffordability of the PRS has contributed to an increase in homelessness; there were over 48,000 homeless London households in temporary accommodation in London at the end of March 2015.

#### Housing in Lewisham

- 3.6 The average house price in Lewisham is now over £450,000, having increased by 16% in the last year. Lewisham was in the top three boroughs for house price increases. This is an increase of almost 70% on the average price in 2010, which was £263,070.
- 3.7 Between 2011 and 2015 the average market rent across all property types in Lewisham increased by over 31%. The median market rent by bedroom size for properties in the borough is listed in the table below.

Median weekly rents in Lewisham:

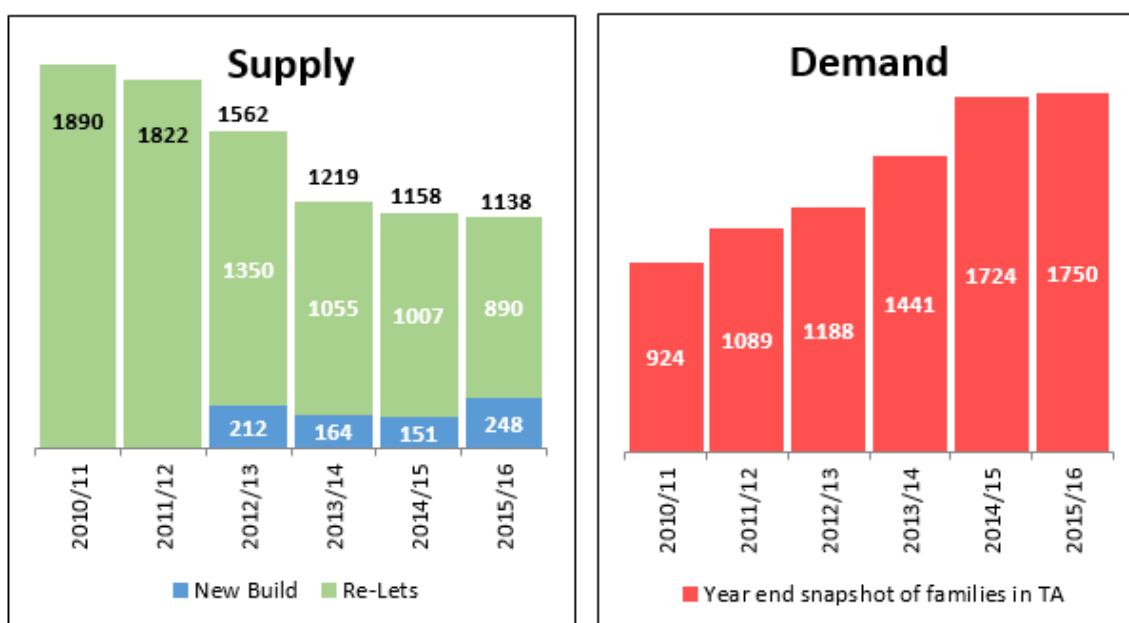
Number of Bedrooms	Median Weekly Market Rent	Local Housing Allowance Inner Lewisham
1	£242	£205
2	£300	£265
3	£380	£330
4	£462	£417

- 3.8 These median rents are all above the Local Housing Allowance (LHA) rate for Lewisham – which is the maximum amount of housing benefit which can be claimed in the PRS.

- 3.9 The increasing cost of rent is creating additional pressure on residents and is a significant factor in the rising levels of homelessness. In 2015/16 the most frequent reason for homelessness where a duty was accepted was the loss of an assured shorthold tenancy (the typical tenancy in the private rented sector).
- 3.10 The Council has taken a wide range of actions in order to address the challenges outlined above. The main achievements so far are outlined below, set out by the Housing Strategy priorities.

#### 4 Helping residents at times of severe and urgent housing need

- 4.1 Homelessness is the most extreme form of housing need. Rough sleeping is the most visible aspect of homelessness, but many homeless families live in temporary accommodation or in unsuitable and unstable conditions, unable to afford a home of their own.
- 4.2 There has been an 89% increase in the number of households in temporary accommodation between 2010/11 and 2015/16 – as at the end of March 2016 there are currently 1,750 homeless households in temporary accommodation. This number has stabilised over the last 12 months, despite the challenges of the reduced supply of accommodation in the PRS and the increasing unaffordability of all tenures, as well as increased demand caused by welfare reform. The number of affordable properties to let has decreased by 40% in this time, as shown in the supply and demand chart below:



- 4.3 The main activities undertaken to help residents in housing need are:
- 4.4 A number of projects have been undertaken to increase the supply of temporary accommodation in the borough. 'PLACE/Ladywell' is the 'pop-up' housing scheme where modern methods of construction have been used to

deliver new homes much more quickly than traditional methods would allow. The time taken to complete construction is halved whilst per unit costs are 20% lower. The building has been designed by the award winning architects Rogers Stirk Harbour + Partners and provides a vibrant and striking presence on a prominent high street site that would otherwise be empty. It will provide 24 two bedroom homes for local homeless families as well as ground-floor units for community and business use to animate the area, while a master-plan for the site is developed. The development is nearing completion and we are expecting handover at the end of June. Small businesses are currently being interviewed to fill the ground floor space and we are in the process of identifying the first tenants who will be moving in.

- 4.5 Since January 2015, Lewisham Homes has been using a loan from the Council to lead a programme of housing acquisition to be used as temporary accommodation for homeless households. It has now purchased 50 homes and has a further 3 homes in the purchase process. This is in addition to hostel acquisitions and our programme of bringing empty homes back into use. The Council successfully bid for additional funding in the latest GLA funding round for empty homes.
- 4.6 There has been an increase in the number of homeless cases prevented. Between January and March 2016, the council was able to prevent homelessness in 258 cases, an increase of 39% on the figures for the same quarter in 2015. This avoids the household having to move into temporary accommodation,
- 4.7 On 2 March 2016, Mayor and Cabinet agreed that officers should consult on revisions to the Allocations Policy to ensure that the Council allocates households as fairly and efficiently as possible to the properties that become available to the Council. The consultation will be carried out over the summer.
- 4.8 In November, Mayor and Cabinet agreed a Location Priority Policy and Procurement Strategy approved by M&C in November which set out how we will procure and allocate to temporary accommodation, in particular where costs mean that we have to procure temporary accommodation out of the borough. Work is underway to seek approval for a policy that sets out when and how the Council will make Private Rented Sector Offers to end its main housing duty.
- 4.9 The Council has been working with other boroughs through the South East London Housing Partnership to better keep down the cost of temporary accommodation and to increase the procurement and quality of private rented sector accommodation across South London.

## **5 Building the homes our residents need**

- 5.1 Increasing the supply of new homes in London and Lewisham is crucial in order to begin to address the high demand for housing which is causing house prices to increase, rents to go up and contributing to the increase in homelessness. The Council has a role to play both in building homes directly itself and by

working with partners to enable new homes.

- 5.2 In the current Mayoral term, 6,100 homes will be built of all tenures and from all sources. The majority of new homes will come forward on private sites and be developed by private developers or housing associations. Of the 6,100 homes, we currently expect around 2,000 to be affordable. Of these 2,000 affordable homes, we are on track to hit the 500 Council home target. The Council's current programme will deliver over 1,700 new homes across all tenures by 2018.
- 5.3 The main activities undertaken to build new homes are:
- 5.4 395 new Council Homes have now been approved by M&C of which 217 are on-site or have been completed. Appendix A contains a full break down of the Council Homes programme. Further council-sponsored schemes including regeneration schemes are on course to deliver additional 650 homes.
- 5.5 Housing Associations partners are delivering a programme of approximately 1,500 properties by 2018.
- 5.6 The Council is enabling community-led housing through enabling Community Land Trusts (CLT) as an alternative way to provide homes that will be affordable in perpetuity. At Church Grove the CLT Rural Urban Synthesis Society (RUSS) will be delivering London's first completely affordable self-build scheme. The locally-led organisation have been working with the Council over the last year to develop a proposal for 33 affordable homes; 14 for shared equity, 12 for shared ownership, and 2 shared houses for affordable rent and 5 social homes. We are also working with Lewisham Citizens on a further site to facilitate a second CLT in Lewisham.
- 5.7 The Council also has a housing-led regeneration programme. This programme includes long running estate regeneration projects at Heathside and Lethbridge, the Excalibur Estate and Deptford Southern Housing as well as newer schemes at Besson Street and the Bampton Estate. These are generally large schemes in partnership with RPs, the private sector and community led developers. Phases 1, 2 and 3(A) of the Heathside and Lethbridge development have already been completed providing 377 homes of which 308 are affordable. Appendix B contains an update on the Housing-Led Regeneration schemes.

## **6 Greater security and quality for private renters**

- 6.1 The rapid and continuing growth of the private rental sector (PRS) over recent years means that the sector is increasingly significant. Across London, the number of households in PRS now exceeds the number in the social rented sector for the first time since the 1970s. A significant amount of housing need is both met by and generated by the sector; over half the housing moves in the borough are within the PRS. It is a dynamic sector characterised by mobility.
- 6.2 The main activities undertaken to provide greater security and quality for

private renters are:

- 6.3 Mayor and Cabinet have approved the extended licensing of Homes in Multiple Occupation (HMOs) above commercial premises, which will be effective from August 2016
- 6.4 Lewisham is working with other London boroughs to tackle rogue landlords through the 'London Lockdown' project supported by additional funding from DCLG. This reflects the need for more coordination between boroughs and agencies to address the sophisticated operations perpetrated by some rogue landlords.
- 6.5 The Council is proposing a pilot 'Build to Rent' project on one of its sites at Besson Street in New Cross. This scheme will create around 250 new homes. 65 per cent of these homes will be let at an initial market rent, but with rent increases capped in line with inflation to provide renters with more certainty about their rent at a time when market rents can increase by 10 per cent a year. These homes are aimed at helping those residents who are unable to buy but equally unable to access traditional social housing. Besson Street will be 'tenure blind' and priority will be given to Lewisham residents.
- 6.6 A further 35 per cent of homes will be affordable homes at a discounted rent linked to local incomes – a 'living rent'. This is designed to address the rising costs of housing in the borough by ensuring that the affordable homes in this scheme are set in reference to what lower and median income households earn rather than market rents. The scheme will set the standards for the PRS which other developments and landlords can be judged against .

## **7 Promoting health and wellbeing by improving our residents' homes**

- 7.1 Poor housing conditions such as cold, damp and overcrowding are detrimental to health and wellbeing. Linked to respiratory and cardiovascular illness and excess winter deaths, poor quality housing can also impact on childhood development and mental health. The Council works with partner organisations Lewisham Homes and Regenter B3 to ensure that the Council's properties are well maintained and meet the Decent Homes standard.
- 7.2 The main activities undertaken to promote health and wellbeing by improving our residents' homes are:
- 7.3 The Council's housing stock is on track for 100% Decent Homes by March 2018.
- 7.4 In May a report recommending the extension of Lewisham Homes' Management Agreement will be presented to Mayor and Cabinet.
- 7.5 Additional services have been transferred from the Council to Lewisham Homes including environmental services such as bulk waste.
- 7.6 The Council has been working with the Campaign in Lewisham for Autism

Spectrum Housing (CLASH) to improve housing options for people with autism. Along with Burgess Autistic Trust (BAT), the specialist provider for this client group in the borough, officers have identified Birnbeck Housing Association as a possible partner for the development of New Build supported housing for people with Autism. Officers expect to be able to bring a more detailed update on this in the coming months.

- 7.7 The Council has secured investment in extra care housing providing 78 units of extra care housing at Conrad Court. The Council has also directly sponsored the development of two Extra Care housing schemes which are in delivery at Hazelhurst Court and Campshill Road which will provide a further 115 units in total over the next few years. The Council is re-providing over 55s accommodation through the estate regeneration scheme Heathside and Lethbridge. Over 80 new homes for over-55s will be made available through this regeneration programme. Future estate regeneration programmes will also provide opportunities for the Council to improve the quality of housing available for over-55s.
- 7.8 Sheltered Housing was transferred to Lewisham Homes on 1 April 2016, helping to bring together operational housing management expertise into one organisation. The new service will remain sustainable for tenants on lower incomes by providing an enhanced housing management service which is eligible for Housing Benefit. We also support residents to stay in their own homes through administering Disabled Facilities Grants.

## **8 Policy Outlook**

- 8.1 Since the Housing Strategy was approved by Full Council, there has been an unprecedented amount of change in the direction of housing policy.
- 8.2 The Welfare Reform and Work Act has now been passed. The Act contains:
- Social rents reduced by 1% for four years from April 2016 – this limits the available funding for council and housing association affordable homes.
  - Reduced benefit cap: £23k limit inside London & £20k outside – expected from Autumn 2016
- 8.3 The Housing and Planning Act received royal assent on 12 May. This bill contains:
- Voluntary Right to Buy for Housing Associations – expected to start mid 2016
  - High Value Voids policy
  - Pay to Stay – paying up to market rents if household in London earns more than £40k from April 2017
  - Ending of secure tenancies
  - Starter Homes introduced as a type of affordable housing
  - Measures aimed at tackling rogue landlords
  - Planning changes

- 8.4 The detail of these policies will be set out in regulations, which it is anticipated will be published shortly.
- 8.5 These policies means that the supply of social lets will continue to decrease, and there will be increased demand on the Housing Needs service. At the same time, market conditions continue to mean procurement of in-borough temporary accommodation is difficult and likely to become more so. The way in which temporary accommodation is funded is also changing and we are awaiting the detail of this.
- 8.6 The one per cent rent reduction has had a significant impact on the HRA's development capacity beyond the current programme, and Right to Buy receipts are likely to be only form of subsidy for mainstream social housing as government policy moves towards ownership.
- 8.7 The Council can continue to examine opportunities to use Council land to generate different forms of sub-market housing and income such as those being considered for Besson Street. There may be subsidy available for specialist types of housing.
- 8.8 Pay to Stay may prompt more Right to Buy applications, or re-lets, if residents are charged market rents.
- 8.9 Officers continue to monitor further rounds of welfare reform, which will undoubtedly bring further challenges.

## **9 Delivering new homes in the new policy context**

- 9.1 Recently the IPPR published the report of the London Housing Commission chaired by Lord Kerlake. This recommends that, in return for freedoms in relation to planning, borrowing and taxes the next mayor of London and the 33 boroughs should join forces to strike a major devolution deal with central government, where local government would commit:
- to increase supply to 50,000 homes a year by the end of the decade,
  - to ensure that London has sufficient affordable housing for citizens of all incomes
  - to eliminate poor conditions in the rented market.
- 9.2 A report recently published by consultancy Quod noted that there would be no single answer to this and instead a long-term strategy would need to include:
- Bringing forward more brownfield sites
  - Densifying existing housing estates
  - Building at height where appropriate
  - Improving transport links, including extending networks to unlock new areas
  - Building on the greenbelt



## **10 Legal Implications**

10.1 There are no specific legal implications arising from this report.

## **11 Financial implications**

11.1 The purpose of this report is to set out the main achievements in meeting the priorities in the Housing Strategy, and to outline the challenges ahead. As such there are no direct financial implications arising from this report.

11.2 The ongoing cost of delivering the strategy together with any new initiatives to meet those challenges will be considered in full in further reports as the strategy is developed. The impact of the Housing strategy will also be included in the Medium Term Financial Strategy due to be reported to Mayor and Cabinet in July.

## **12 Crime and disorder implications**

12.1 There are no crime and disorder implications arising from this report.

## **13 Equalities implications**

13.1 There are no equalities implications arising from this report.

## **14 Environmental implications**

14.1 There are no environmental implications arising from this report.

## **15 Background Documents and Report Originator**

15.1 There are no background documents to this report.

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

## Appendix A – Council Home Development Programme

Scheme Name	Ward	Council Homes	Sale	Total	Start on Site	Anticipated Completion	Status
<b>Current Approved Programmes</b>							
Mercator Road (new build)	Lewisham Central	6	0	6	Complete	Complete	Complete
Slaithwaite Community Room (conversion)	Lewisham Central	1	0	1	Complete	Complete	Complete
Forman House (conversion)	Telegraph Hill	2	0	2	Complete	Complete	Complete
161-163 Deptford High Street (hostel acquisition)	Evelyn	2	0	2	Complete	Complete	Complete
Angus Street (conversion)	New Cross	1	0	1	Complete	Complete	Complete
28 Deptford High St (hostel acquisition)	New Cross	3	0	3	Complete	Complete	Complete
Ashmead Road (conversion)	Brockley	0	1	1	Complete	Complete	Complete
PLACE / Ladywell (new build)	Lewisham Central	24	0	24	2015/16 Q2	2016/17 Q1	On-site
Hamilton Lodge	Forest Hill	22	0	22	2016/17 Q2	2016/17 Q2	On-site
Marischal Road (low cost home ownership)	Lewisham Central	0	26	26	2015/16 Q3	2016/17 Q3	On-site
Dacre Park South (new build)	Blackheath	25	0	25	2015/16 Q3	2016/17 Q4	On-site
Longfield Crescent (new build)	Forest Hill	27	0	27	2015/16 Q4	2016/17 Q4	On-site
Hazelhurst Court (Extra Care)	Bellingham	60	0	60	2015/16 Q3	2016/17 Q4	On-site
Wood Vale (new build)	Forest Hill	9	8	17	2015/16 Q4	2017/18 Q1	On-site
Honor Oak Housing Office (conversion)	Telegraph Hill	5	0	5	2016/17 Q1	2016/17 Q4	Resident consultation
Hillcrest (conversion)	Sydenham	3	0	3	2016/17 Q1	2016/17 Q3	Early design stage
Hatfield Close (conversion)	New Cross	1	0	1	2016/17 Q1	2016/17 Q2	Early design stage

Scheme Name	Ward	Council Homes	Sale	Total	Start on Site	Anticipated Completion	Status
<b>Future Potential Programmes</b>							
Grace Path (new build)	Sydenham	6	0	6	2016/17 Q4	2017/18 Q4	Early design stage
Silverdale Hall (new build)	Sydenham	13	0	13	2016/17 Q4	2017/18 Q4	Early design stage
Crofton Park (new build)	Crofton Park	4	0	4	2016/17 Q4	2017/18 Q4	Early design stage
Milton Court Road (new build)	New Cross	25	0	25	2016/17 Q4	2017/18 Q4	Early design stage
Marnock Road (new build)	Crofton Park	0	6	6	2016/17	2017/18 Q4	Early design stage
Hawke Tower (conversion)	New Cross	1	0	1	2016/17 Q2	2016/17 Q3	Early design stage
Rawlinson House (conversion)	Lewisham Central	1	0	1	2016/17 Q2	2016/17 Q3	Early design stage
Pepys Housing Office (conversion)	Evelyn	5	0	5	2016/17 Q2	2017/18 Q1	Resident consultation
Dacre Park North (new build)	Blackheath	0	5	5	2016/17 Q1	2016/17 Q4	Planning consented
Kenton Court (new build)	Bellingham	24	11	35	2016/17 Q2	2018/19 Q1	Planning Application
Forster House	Whitefoot	22	0	22	2016/17 Q2	2018/19 Q1	Planning consented
Eliot Bank & Knapdale Close (new build)	Forest Hill	20	24	44	2016/17 Q4	2018/19 Q4	Detailed design stage
Church Grove Self-Build	Lewisham Central	5	26	31	2017/18 Q1	2020/21 Q1	Detailed design stage
Somerville Estate (new build)	Telegraph Hill	32	20	52	2017/18 Q2	2018/19 Q3	Detailed design stage
Campshill Road (Extra Care)	Lewisham Central	45	6	51	TBC	TBC	Scheme currently under review
<b>Total</b>		<b>345</b>	<b>127</b>	<b>473</b>			

					Q4		
Embleton Road sites (new build)	Ladywell	8	4	12	2016/17 Q4	2018/19 Q2	Early design stage
Wellmeadow Road (new build)	Lewisham Central	20	0	20	2016/17 Q4	2018/19 Q2	Early design stage
Allison Close (new build)	Blackheath	0	6	6	2017/18 Q1	2018/19 Q1	Early design stage
Endwell Road (new build)	Telegraph Hill	19	0	19	2017/18 Q1	2018/19 Q2	Early design stage
Dacres Road (new build)	Perry Vale	17	0	17	2017/18 Q1	2018/19 Q3	Early design stage
Honor Oak Community Centre (re-build)	Telegraph Hill	57	0	57	2017/18 Q2	2018/19 Q4	Scheme currently under review
Hillcrest Estate (new build)	Sydenham	42	0	42	2017/18 Q2	2018/19 Q4	Early design stage
Bampton Estate Site 4 (new build)	Perry Vale	45	0	45	2017/18 Q2	2018/19 Q4	Early design stage
	<b>Total</b>	<b>256</b>	<b>16</b>	<b>272</b>			
	<b>Grand Total (Current Approved + Future Potential Programmes)</b>	<b>602</b>	<b>143</b>	<b>745</b>			

## Appendix B:

### Housing-Led Regeneration

Scheme Name	Lead partner	Ward	Total Homes	Affordable	Council	PRS	Sale	Projected Start on site	Projected Completion
Heathside and Lethbridge Phase 1	Family Mosaic	Blackheath	138	115	0	0	23	Complete	Complete
Heathside and Lethbridge Phase 2	Family Mosaic	Blackheath	190	144	0	0	46	Complete	Complete
Heathside and Lethbridge Phase 3 (A)	Family Mosaic	Blackheath	49	49	0	0	0	Complete	Complete

Heathside and Lethbridge Phase 3 (B)	Family Mosaic	Blackheath	169	57	0	0	112	On-site	Aug-17
Heathside and Lethbridge Phase 4	Family Mosaic	Blackheath	236	125	0	0	111	On-site	Aug-18
Excalibur Phase 1 & 2	L&Q	Whitefoot	57	39	0	0	18	On-site	Oct-17
Besson Street	JV	New Cross	230	85	0	145	0	Aug-16	Mar-18
Deptford Southern Housing	Family Mosaic	New Cross/ Evelyn	321	117	0	0	204	Aug-16	Aug-20
Excalibur Phase 3	L&Q	Whitefoot	95	61	0	0	34	Jan-18	Oct-19
Bampton Estate (sites 1-3)	L&Q	Perry Vale	220	80	0	0	140	Apr-18	Mar-23
Heathside and Lethbridge Phase 5	Family Mosaic	Blackheath	264	131	0	0	133	Aug-18	May-21
Excalibur Phase 4	L&Q	Whitefoot	121	73	0	0	48	Dec-19	Jun-21
Excalibur Phase 5	L&Q	Whitefoot	98	55	0	0	43	Aug-21	Feb-23
Heathside and Lethbridge Phase 6	Family Mosaic	Blackheath	145	49	0	0	96	Aug-21	May-23
<b>GRAND TOTAL</b>			<b>2,333</b>	<b>1,180</b>	<b>0</b>	<b>145</b>	<b>1,008</b>		

