

| MAYOR AND CABINET | | | |
|--------------------------|--|------|---------------|
| Report Titles | Phoenix Community Housing Development | | |
| Key Decision | Yes | | |
| Ward | Bellingham, Downham, Whitefoot | | |
| Contributors | EXECUTIVE DIRECTOR CUSTOMER SERVICES, EXECUTIVE DIRECTOR RESOURCES & REGENERATION, HEAD OF LAW | | |
| Class | Part 1 | Date | 23 March 2016 |

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 These homes are being built for a variety of purposes by a range of providers. The majority are Council homes being brought forward for social rent, with Lewisham Homes acting as the Council's development agent. Other projects include the delivery of a "pop-up" housing development in Ladywell directly by the Council, low-cost home ownership homes for people who live or work in Lewisham, and extra care housing by Phoenix Community Housing.
- 1.3 Phoenix Community Housing was created as a community gateway housing association in 2007, and the vast majority of the Council's housing stock in the south of the borough was transferred to it. As a result, in order for new homes to be provided in this part of the borough, the Council is working with Phoenix to support their plans to develop new homes.

2. Purpose of Report

- 2.1 This report informs Mayor and Cabinet about plans to develop new homes in the areas of the borough in which Phoenix Community Housing is the majority landlord, and recommends that the Council provides capital subsidy support of £1.32m from S106 funds for a development of 22 new homes for affordable rent at Forster House in Whitefoot.

3. Policy Context

- 3.1 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.

3.2 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.

3.3 Lewisham's Housing Strategy was approved at Full Council in May 2015. This strategy sets out the Council's ambition to address the challenges in the borough through the following objectives:

- Helping residents at times of severe and urgent housing need
- Building the homes our residents need
- Greater security and quality for private renters
- Promoting greater quality in the social and private rented sectors

3.4 Lewisham's Core Strategy has the objective to make provision for the completion of an additional 18,165 net new dwellings from all sources between 2009/10 and 2025/26, to meet local housing need and accommodate the borough's share of London's housing needs. This aims to exceed the London Plan target for the borough. The Core Strategy also has the objective to make provision to meet the housing needs of Lewisham's new and existing population, which will include:

- provision of affordable housing
- a mix of dwelling sizes and types, including family housing
- lifetime homes, and specific accommodation to meet the needs of an ageing population and those with special housing needs
- bringing vacant dwellings back into use

4. Recommendations

It is recommended that the Mayor:

- 4.1 Notes the on-going partnership work between the Council and Phoenix Community Housing to identify housing development opportunities in the south of the borough, and to review potential mechanisms to fund those opportunities;
- 4.2 Having considered the information in section 6, agrees to provide funding of £1.32m from S106 funds to support the development at Forster House;
- 4.3 Delegates authority to the Executive Director for Resources and Regeneration to finalise the terms of the funding agreement;
- 4.2 Agrees that Officers review options for the longer term funding of housing development by Phoenix Community Housing and report these back to Mayor and Cabinet.

5. Phoenix Community Housing

- 5.1 Previous government policy required Local Authorities to undertake a stock options appraisal to develop a strategy by which all their stock could meet the Decent Homes Standard. In order to bring in the investment needed to achieve this objective, the government provided three main ways to support local authorities who need additional funding to make their homes decent. These were:
- Setting up an Arms-Length Management Organisation (ALMO)
 - Entering into a Private Finance Initiative (PFI) contract
 - Transferring properties to a Registered Provider of social housing
- 5.2 Residents in the Bankfoot and Bellingham showed an interest in becoming more involved in controlling the future management of their homes. Residents approached the Council in late 2004 to explore a stock transfer to a community-led Registered Provider as a means of achieving Decent Homes on their estate. The decision to establish Phoenix, a newly created community gateway organisation, rather than select an existing RSL partner was agreed as part of the Decent Homes Strategy and the stock transfer took place in December 2007.
- 5.3 As the major landlord in the south of the borough, Phoenix is an important strategic partner in meeting the Council's aim to provide the homes our residents need. It is, for instance, developing a new state of the art extra care housing scheme at Hazelhurst Court in Bellingham, which is supported by both the Council and the GLA. Over the past year officers have continued to have close dialogue with Phoenix about the longer term potential to build new affordable rented homes in the south of the borough to help meet the demand for affordable housing. This dialogue has focussed on both the potential locations of future developments and the support that the Council can continue to offer to enable them to be delivered.
- 5.4 This report seeks approval for the Council to fund the first scheme to come forward following this partnership working, and also notifies the Mayor that officers are working with Phoenix to look at longer term options both for development and for funding that will provide a pipeline of new homes in the areas in which Phoenix operates.

6. Forster House infill development

- 6.1 Phoenix Community Housing has been working on proposals for new housing provision on its existing estates since 2014, with a focus on utilising underused and derelict areas for much needed new housing.
- 6.2 One such site is on underused space on Whitefoot Lane next to Forster House. The site is currently laid out as amenity space and parking and is underused. Phoenix began working on a scheme in June 2014 and received planning consent in January 2016 for a development of 22 new homes, made up of nine 1-bed flats and 13 2-bed flats, of which two flats will be especially configured to be wheelchair accessible. The development is intended to be 100% affordable, with all of the homes available for rent.
- 6.3 The plans reflect a wider strategic approach to rebalancing the mix of units in the area. The existing block at Forster House consists of 54 units, of which 36 are 3 bed family units and 18 are 1 bed flats. By developing a new scheme of smaller units,

therefore, this project will be broadening options for people wishing to stay in the area. A number of the occupiers of the 3 bed flats are older single people and couples, who are under occupying family accommodation, but who currently have limited ability to move locally as Phoenix has a limited number of smaller units in the area.

- 6.4 Phoenix expects to commence the procurement of a contractor to develop these new homes in April. In support of that process it has carried out cost analysis and viability testing exercises, and as is the case with any development in which the homes are all being made available for affordable rent, capital subsidy is required in order to make the scheme viable.
- 6.5 Given the massive on-going housing demand that the Council faces, and the need to review all potential options to develop new affordable homes, officers have been working with PCH to review the proposals for Forster House and consider how the Council might support those.
- 6.6 Following a period of negotiation, based on evidence from the cost consultants employed on the development, and on reviewing the appropriate levels of rents and other costs to ensure that the development remains affordable to tenants, both parties have settled on £1.32m as the level of additional subsidy that is required in order to enable the development to come forward.
- 6.7 As a general principle the Council's Strategic Housing team seeks to maximise the amount of affordable housing that can be delivered on any scheme, and to ensure that these homes are delivered on-site wherever possible. There are occasions however when it proves practically or financially more efficient to accept a capital payment in-lieu of affordable homes on site through the S106 process, in order that the capital be made available for the provision of affordable homes on another site.
- 6.8 At present there is approximately £1.4m of S106 available, with future receipts of £800k expected over the next three months and as such there is sufficient funding for the Council to make grant funding of £1.32m available to Phoenix to enable this development to come forward.
- 6.9 If agreed, Phoenix hopes to start on site with construction in August of this year, with a view to making the new homes available for letting – with the Council having full nomination rights to those homes – in the spring of 2018.

7. Longer term development opportunities

- 7.1 As noted above, officers have worked closely with Phoenix over the past year to review longer term development opportunities. At present most of the sites under consideration are small infill sites, just as they are with the Council's development programme led by Lewisham Homes. There is however the potential for larger development opportunities to emerge in the medium to long term.
- 7.2 Officers propose that these discussions continue, and also that this process includes a review of options that enable Phoenix to fund and deliver a longer term programme of affordable housing development in the south of the borough. It is anticipated that the outcomes of this process could be reported back to Mayor and Cabinet in the autumn of this year.

8. Legal implications

- 8.1 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.
- 8.2 The Council has power to use S106 monies for the purposes for which they were provided, in this case the provision of affordable housing. A grant agreement will be entered into with Phoenix to secure the use of the funding for its agreed purpose, together with a nomination agreement to secure the Council’s nomination rights to the new homes.

9 Financial implications

- 9.1 Sufficient provision exists within S106 funds held by the Council for affordable Housing to support the development at Forster House as proposed in recommendation 4.2

10 Environmental Implications

- 10.1 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.

11. Implications for Law & Order

- 11.1 The design for any new homes will incorporate recommendations from the police via the Secured by Design principles.

12. Equality Implications

- 12.1 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. The provision of new age specific homes for the over 55’s will mean more of the boroughs aging population will have modern, high quality homes built to meet their ongoing housing needs.
- 12.2 An Equalities Analysis Assessment will be undertaken as part of the further work in order to assess the impacts of the proposals and this will be presented to Mayor and Cabinet for consideration along with the results of the Section105 consultation.

- 12.3 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/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 12.4 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
- 12.5 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/>

13. Background papers and author

- 13.1 There are no background papers to this report.
- 13.2 For more information on this report please contact Jeff Endean, Strategic Housing on 020 8314 6213