

	MAYOR AND CABINET		Item no.
Report Titles	Heathside and Lethbridge Phases 5 & 6 Land Assembly		
Key Decision	Yes		
Ward	Blackheath		
Contributors	EXECUTIVE DIRECTOR FOR CUSTOMER SERVICES, EXECUTIVE DIRECTOR FOR RESOURCES & REGENERATION, HEAD OF LAW		
Class	Part 1	Date	8 May 2019

1. Summary

- 1.1. On 25th June 2003 Mayor and Cabinet agreed the proposal to expand the Council's established estates regeneration programme to include Heathside and Lethbridge. On 9th June 2004 Mayor and Cabinet agreed to the process of an open competition at Heathside and Lethbridge to find a partner to re-provide social housing and mixed tenure housing. Following the outcome of the open competition, on 22 February 2006 Mayor and Cabinet agreed that Family Mosaic (now Peabody) become the Council's preferred development partner for the re-development of Heathside and Lethbridge ("the Scheme").
- 1.2. 782 new homes, a new community building and nursery have been completed through Phases 1-4. 482 of the new homes are affordable. The decant of Phases 5 (57-190 Lethbridge Close) and 6 (191-242 Lethbridge Close) is complete with all residents having had the opportunity to move into a new build home on the estate or a property of their choice elsewhere in the borough.

2. Purpose of Report

- 2.1 To update Mayor and Cabinet on the progress of the Heathside and Lethbridge Regeneration Scheme and the current position in relation to Phases 5 and 6.
- 2.2 To request that Mayor and Cabinet approve the proposed Phase 5 and Phase 6 Project Briefs.
- 2.3 This report is in two parts. A separate report on Part 2 of the agenda contains commercially sensitive information relating to the Phase 5 and Phase 6 land disposal process and asks Mayor and Cabinet to approve the detailed terms for the disposal and development of the Council's freehold interest in the Phase 5 and Phase 6 sites.

3. Recommendations

It is recommended that Mayor and Cabinet:

- 3.1 notes the progress of the Heathside and Lethbridge Regeneration Scheme and the

current position in relation to Phases 5 and 6 as set out in this report;

- 3.2 notes the increase in the number of new homes from the original master plan and that the scheme will now be 52% affordable (by habitable rooms);
- 3.3 agrees the proposed Phase 5 and Phase 6 Project Briefs on the basis set out in this report.

4. Policy Context

4.1 The re-development of Heathside and Lethbridge contributes to key national objectives, particularly meeting the decent homes standard and increasing the supply of affordable housing. The Decent Homes Strategy required all local authorities to carry out a stock options appraisal by July 2005 to determine how Decent Homes will be achieved for all Council housing stock.

4.2 The Council's Corporate Strategy (2018-2022) outlines the Council's vision to deliver for residents over the next four years. Building on Lewisham's historic values of fairness, equality and putting our community at the heart of everything we do, the Council will create deliverable policies underpinned by a desire to promote vibrant communities, champion local diversity and promote social, economic and environmental sustainability. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:

- Tackling the Housing Crisis – Providing a decent and secure home for everyone.
- Building an Inclusive Economy – Ensuring every resident can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- Building Safer Communities – Ensuring every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

4.3 **Homes for Lewisham**, Lewisham's Housing Strategy (2015-2020), includes the following priority outcomes that relate to the provision of new affordable homes:

- Key Objective 1 – Helping residents in times of severe and urgent housing need.
- Key Objective 2 – Building the homes our residents need.
- Key Objective 4 – Promoting health and wellbeing by improving our resident's homes.

4.4 At the outset of the scheme in 2006, the approved master plan for the re-development was delivering 1192 new modern homes of which 543 were to be affordable. As the scheme has progressed, the total number of homes being delivered has increased to 1225 with 585 of these now being affordable. The vast majority of larger homes (3 bed +) have been/will be for social rent (at the London Affordable Rent levels as a maximum) meaning that by habitable rooms, the whole scheme will be at least 52% affordable (by habitable rooms).

5. Summary of progress to date – Phases 1 - 4

- 5.1 The Council has an overarching Development Agreement in place with Peabody (formerly Family Mosaic) for the whole scheme which includes a bespoke financial model.
- 5.2 Peabody obtained outline Planning permission for the overall scheme and are required to seek detailed Planning approval for each Phase. A building contractor is sought by Peabody for each Phase.
- 5.3 The structure of the scheme is that the Council forward funds the cost of obtaining vacant possession of the site and these costs are reimbursed by Peabody on land transfer. To date the land assembly costs at the point of land transfer have been paid for Phases 1 – 4. Subject to the recommendations in this report being agreed, the same will happen for Phases 5 and 6 which are the final phases of the scheme upon land transfer.
- 5.4 Every household of the original estate has had the opportunity to move into a new build home. Households also had the opportunity to move into homes elsewhere in the borough if that was their preferred option.
- 5.5 Phase 1: 138 homes were built between August 2010 and October 2012. This includes 80 homes for social rent, the rest being for sale and shared ownership.
- 5.6 Phase 2: 190 homes were built between January 2011 and April 2013, including 70 for social rent. Of these, 50 form a designated over 55's block designed to replace an over 55's block on the original estate.
- 5.7 Phase 3: 218 homes were built between August 2013 and December 2017. This includes 102 homes for social rent, the rest being for sale and shared ownership.
- 5.8 Phase 4a and 4b: 236 new homes were built between July 2015 and July 2018. This includes 121 homes for social rent and 4 shared equity homes for former leaseholders. The rest of the properties are let at market rents.
- 5.9 The majority of the new affordable homes across the whole scheme have been front loaded in order to satisfy the decant of the original estate. As stated in paragraph 1.2, all original residents of the estate were entitled to a new build on the new estate. The last new homes to become available were in Phase 4b. Phase 4b delivered 67 new genuinely affordable social rented homes to households on the Council's housing register.

6 Phases 5 and 6

- 6.1 In preparation of full vacant possession of the remaining blocks, Mayor and Cabinet agreed on 28 February 2018 to Peabody commencing demolition work in advance of a determination on the s73 Minor Material Amendment planning application to be submitted for Phases 5 and 6. The report of 28 February 2018 sets out further detail on Phases 5 and 6.
- 6.2 Following the report of 28 February 2018, officers achieved full vacant possession of both phases in April 2018. The Council then entered into a licence with Peabody to commence the demolition work of the six remaining buildings. Following work hoarding the site, disconnecting services, asbestos removal and soft stripping, three

of the six blocks that made up phases 5 and 6 have now been demolished to ground level. The remaining three blocks are currently programmed to be fully demolished by September 2019.

- 6.3 The s73 minor material amendment application was heard by the Planning Committee (A) on 7 February 2019. The application was approved by Committee and so Peabody will now deliver at least another 98 affordable rented homes all of which will have rents below the London Affordable Rent benchmark. The properties will meet the current increased space standards and will deliver a sustainable increase in new homes meaning that the whole scheme will deliver 1225 modern homes – 33 more than the original outline application. 585 of these new homes will be affordable – 42 more than the original outline application.
- 6.4 In addition to the 98 new social rented homes secured through the s73 application, Peabody, with the support of the Council, are seeking to change the tenure of 21 units currently designated as private, to social rented units. This would deliver a total of 119 social rented homes. This is supported by the GLA and will go to Peabody Development Committee later in May 2019 for final sign off.
- 6.5 All of the new affordable rented homes in Phases 5 and 6 will be let to households on the Council’s register, delivering approximately 10% of the new social homes that the Council has committed to in the Corporate Strategy 2018-2022.

7. Phases 5 and 6 Project Briefs:

- 7.1 The Development Agreement between the Council and Peabody states that Peabody will prepare a Project Brief for each Phase to be agreed between the parties before they are committed to proceed with that Phase. This sets out the main elements of the Phase and overview of the whole scheme.
- 7.2 The project brief for each Phase consists of:
- Accommodation schedule
 - Plan of Phase
 - Decant Programme
 - Master Programme (for whole development)
 - Agreed Detailed Phase Programme
 - Financial Model
 - Estimated Phase Assembly Costs
 - Off-site works (Proposed Detailed Phase Infrastructure Design)
 - Off-site demolition works
 - Agreed Phase Longstop Date
- 7.3 The Phase 5 accommodation schedule as per planning permission is as follows:

	Studio	1b2p	2b3/4p	3b5p	4b6p	TOTAL
Rented	0	28	31	30	9	98
Sale	7	96	82	1	0	186
TOTAL	7	124	113	31	9	284

As outlined in 6.5, Peabody are seeking to change the tenure of 21 of these new homes from sale to social rent. Subject to final approval, that would see an increase in the rented units by 8 x 1 beds and 13 x 2 beds.

7.4 The area of Council owned land required for Phase 5 and therefore disposal is attached as Appendix 1.

7.5 The Phase 6 accommodation schedule as per planning permission is as follows:

	Studio	1b2p	2b3/4p	TOTAL
Sale	4	39	116	159
TOTAL	4	39	116	159

7.6 The area of Council owned land required for Phase 6 and therefore disposal is attached as Appendix 1.

7.7 The decant for the entire scheme has been completed and so there is no longer a requirement for a decant programme as part of the phase brief.

7.8 The Phase 5 and Phase 6 land assembly costs are the cost of obtaining vacant possession of the six blocks. These costs will be reimbursed to the Council upon land transfer. Further details are contained within the Part 2 report.

7.9 The master programme is set out in Appendix 2.

7.10 The detailed phase programme is attached as Appendix 3 and demonstrates how Peabody have and will be progressing the phase works.

7.11 The financial model and estimated phase land assembly costs are covered in Part 2 of this report.

7.12 There are no plans for off-site works in either Phase 5 or Phase 6 and so these elements of the project brief are not required.

7.13 The Phase Longstop Date for Phase 5 has been agreed with Peabody to be 31 March 2020.

7.14 The Phase Longstop Date for Phase 5 has been agreed with Peabody to be 31 March 2020.

7.15 Officers support the Phase Project Brief for both Phase 5 and Phase 6 as they will allow for the completion of the regeneration of the former Heathside and Lethbridge estate.

8. Financial Implications

8.1 The financial implications are contained within the accompanying Part 2 report.

9. Legal Implications

9.1 Under the terms of the Development Agreement between the Council and Family

Mosaic, if Family Mosaic wishes to proceed with a phase, it must prepare a Phase Project Brief in an agreed form for the Council's approval. Once the parties have mutually agreed the Phase Project Brief, they are then required to comply with their obligations under the Development Agreement in relation to the delivery of that phase. If a Phase Project Brief cannot be agreed, then either party can serve a notice terminating the Development Agreement.

- 9.2 Additional legal implications are contained in the report on Part 2 of the agenda.
- 9.3 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 9.4 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 9.5 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at 9.3 above.
- 9.6 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 9.7 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:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

10. Environmental Implications

- 10.1 The new homes to be built by Peabody will be more thermally efficient than the Lethbridge Close properties making them significantly cheaper to heat and reducing the carbon footprint.
- 10.2 As part of these final phases, a brand new linear park is to be built providing new green space for residents, visitors and the general public.

11. Implications for Law & Disorder

- 11.1 The redevelopment will continue to meet the police's Secured by Design standards and are expected to lead to a reduction in crime and the fear of crime.

12. Equality Implications

- 12.1 All new affordable units in the development will meet lifetime homes standards. A Lifetime Home is the incorporation of 16 design features that together create a flexible blueprint for accessible and adaptable housing in any setting so that the unit can be adapted when required to suit residents changing needs.
- 12.2 In line with GLA and Council policy, 10% of units across the development will be wheelchair accessible or easily adapted for those using a wheelchair.
- 12.3 The topography of the site is challenging. The architects have designed the master plan to alleviate problems associated with access, particularly for the elderly and wheelchair users. Issues being taken into account are using ramps instead of steps and altering the land gradient where possible.
- 12.4 All new blocks will have lifts serving smaller cores/ units so will get less use and have a longer life expectancy.

13. Conclusion

- 13.1 The regeneration of the Heathside and Lethbridge Estate is a partnership with Peabody (formerly Family Mosaic) since 2010 to meet the decent homes standard and increase the supply of affordable housing. The re-development will see the replacement of 565 non decent or unusable homes with modern high quality homes in a well-designed neighbourhood.
- 13.2 The Scheme has been divided into 6 phases; Phases 1 through to 4 are complete and occupied with 782 homes delivered of which 373 are affordable rented and 114 are affordable intermediate products. The majority of the affordable homes have been delivered in the earlier phases of the development in order to satisfy the decant of the old properties. Vacant possession of the final two phases has been achieved with initial demolition now under way. As the decant was achieved earlier than anticipated, the last block of 67 properties to be handed over last year were all let via Lewisham Homeseach to residents on the Housing Register.

13.3 The two final phases will deliver a further 443 modern homes. At least another 98 affordable rented homes will be delivered all of which will have rents below the London Affordable Rent benchmark. The properties will meet the current increased space standards and will deliver a sustainable increase in new homes meaning that the whole scheme will deliver 1225 modern homes – 33 more than the original outline application. 585 of these new homes will be affordable – 42 more than the original outline application.

14. Background papers and author

Title Document	Date	Location
Heathside and Lethbridge Phase 6	Mayor and Cabinet 19 th October 2016	4 th Floor, Laurence House
Proposed London Borough of Lewisham (Heathside and Lethbridge Estate, Lewisham – Phase 6) Compulsory Purchase Order 2017	Mayor and Cabinet 1 st March 2017	4 th Floor, Laurence House
Demolition of 57-242 Lethbridge Close	Mayor and Cabinet 28 th February 2018	4 th Floor, Laurence House

13.1 For more information on this report please contact James Ringwood, Strategic Housing on 020 8314 7944.

Appendices:

Appendix 1 – Phases 5 and 6 land transfer map

Appendix 2 – Master programme

Appendix 3 – Detailed phase programmes