

<b>MAYOR AND CABINET</b>		
<b>Report Title</b>	Review of Decent Homes Strategy for Chrysalis area	
<b>Key Decision</b>	Yes	Item No.9
<b>Ward</b>	Forest Hill, Rushey Green, Sydenham, Perry Vale, Lewisham Central, Catford South & Crofton Park	
<b>Contributors</b>	Executive Director for Customer Services, Executive Director for Resources, Executive Director for Regeneration, Head of Law	
<b>Class</b>	Part 1	Date: 28 May 2008

### **1. Purpose**

- 1.1 This report seeks Mayor and Cabinet approval to pursue stock transfer for the Chrysalis area.

### **2. Summary**

- 2.1 The Council has been working to deliver its decent homes strategy for all Council owned homes. At the meeting on 5<sup>th</sup> December 2007 the Mayor agreed not to pursue a PFI investment solution for the Chrysalis area and officers were asked to carry out further work to obtain the best solution for the Chrysalis area and to consider following the contingency plan to meet decent homes standard through stock transfer.
- 2.2 Over the past four months, officers have completed various exercises for the purpose of informing the decision about whether to proceed with stock transfer for the Chrysalis area, and if and how the area could be divided.
- 2.3 There appear to be no significant barriers to developing stock transfer proposals for the area., Tenant support for transfer is good, and both tenants and housing associations favour the division of the area into manageable areas with a distinct geographical identity. A dialogue has continued with CLG to keep them informed about possible stock transfer and probable timetable. Any stock transfer proposal will necessarily require resident support.

### **3. Policy Context**

- 3.1 The Government's Decent Homes strategy required that all local authorities carry out a stock options appraisal by July 2005 to determine how Decent Homes will be achieved for Council housing stock

#### **4. Recommendations**

This report recommends that the Mayor agrees:

- 4.1 To pursue stock transfers for the Chrysalis area as follows:
- Transfer A –consisting of areas in the Sydenham, Forest Hill and Perry Vale wards.
  - Transfer B –consisting of areas in the Crofton Park, Lewisham Central and Rushey Green wards.
  - Transfer C – consisting of areas in Catford South and Rushey Green wards.
- 4.2 That detailed work is begun to select housing association partners.
- 4.3 That transfer applications for each area are submitted at the appropriate point to the Homes & Communities Agency.

#### **5.0 Background**

- 5.1 In June 2005, Government approved an expression of interest for a PFI project to refurbish approximately 2500 tenanted and leasehold units on the Sydenham Hill, Dartmouth, Dorrell and Derby Hill estate areas with associated street properties. Despite revisions to the proposals to secure a deliverable PFI, the prospects for the project were not good. Mayor & Cabinet decided in December 2007 to investigate stock transfer to one or more housing association, as an alternative way of securing the investment needed to deliver Decent Homes.
- 5.2 Over the past four months, officers have completed various exercises for the purpose of informing the decision about whether to proceed with stock transfer for the Chrysalis area, and if and how the area could be divided, including:
- (a) Housing Association feedback
  - (b) Resident drop in sessions
  - (c) Resident test of opinion and views of residents from former PFI steering group
  - (d) Financial implications
- 5.3 There was consistent support for stock transfer and the areas proposed form both residents and housing associations. Background information containing the detailed outcomes of the these investigations are available from Strategic Housing.
- 5.4 On 27 February, a petition was received from the chair of the local Sportsbank, Engleheart & Shorndean TRA, containing over 50 signatures

from local residents. The petition requested that the Council allow Phoenix Community Housing Association to bid for possible stock transfer in their area. This has been taken into account in the proposed zoning and Phoenix, now one of the largest landlords in the borough, will be invited to bid for the transfer areas.

## 6.0 Reasons for proposed zoning

6.1 Please see attached map of the proposed split at Appendix A. This is also available at [www.lewisham.gov.uk](http://www.lewisham.gov.uk) and in the members room. The numbers of tenanted and leasehold properties in each of the areas is set out in the table below.

Transfer	Tenanted Properties	Leasehold Properties	Total
A	1154	554	1708
B	851	377	1228
C	422	229	651
TOTAL	2427	1160	3587

6.2 The proposed recommendations regarding the transfer areas are made for the following reasons:

- Transfer A is focussed around the Forest Hill area which is a local hub with excellent transport links. Forest Hill and Sydenham are geographically close to each other and the Perry Vale area is closely associated with Forest Hill as much of it shares the same postcode (SE23). Transfer A also keeps the main estates in the transfer area together (Sydenham Hill, Dartmouth, Dorrell and Derby Hill), which may be more attractive to prospective housing associations who are more interested in estate based stock transfers.
- Transfer B is focussed around the north part of the Chrysalis area and consists mainly of street properties in Crofton Park, Rushey Green and Lewisham Central. Each area has a strong individual identity and excellent transport links, with Lewisham and Catford being the main hubs. All three areas within Transfer B share consistent archetype which is predominantly street properties.
- Transfer C consists mainly of street properties in the Catford South and Rushey Green wards including several in the Catford conservation area. The area. Catford is the main hub for the transfer zone. This is the area where residents have petitioned the Council as set out in paragraph 5.4 above.

6.3 An assessment of property management is currently underway and has identified several areas where Dunlop Hayward and Lewisham Homes share management of the stock. Unless rectified this situation could cause

significant problems when making the transfer. Management of the properties will be rationalised in line with the findings of the assessment and residents will be kept informed about the process.

## **7. Landlord selection**

7.1 As with previous stock transfers, the normal landlord selection process will be followed inviting expressions of interest from housing associations in the sub region. Early indications show that there should be strong interest in the Chrysalis area from housing associations.

## **8. Timetable and cost**

8.1 The Council has considerable experience from a number of stock transfers, so it can predict with reasonable accuracy the likely costs and timetable for these schemes.. The key stages in a transfer and typical timescales are:

- Resident engagement and formation of steering group – the time needed to establish appropriate steering groups will depend on existing resident groupings, and definition of the stock transfer areas.
- Landlord selection – the whole process of selecting a preferred RSL landlord is typically completed within six months.
- Offer document preparation – between nine and twelve months is generally needed from landlord selection to start of the formal consultation process.
- Ballot – the formal consultation and ballot process takes between two and three months.
- Completion – depending on the scale and complexity of the transfer, post ballot contract negotiation and agreement can be completed within 6 to 9 months.

8.2 Overall, it is likely that between 2 and 2½ years will be needed between formation of resident steering groups and transfer completion. This suggests likely completion of transfer will be Spring 2010, with decent homes investment completed during 2012.

8.3 The Council's experience on transfers to date suggests that its costs will be some £0.6m for each transfer. However, as there is scope to get the costs met by the receiving housing association, it is likely that there will be lower costs ultimately borne by the Council if stock transfer proceeds.

## **9. Government approval for stock transfer**

9.1 In the past, there have been annual stock transfer programmes, managed by CLG. Subject to the progress of the Housing and Regeneration Bill through Parliament, future programmes would be run and managed by the Homes and Communities Agency, and local authorities would be able to apply to transfer dwellings at any time during the year and not be constrained by a timetable for applications set by CLG.

## **10. Tenant support**

- 10.1 CLG will only consent to stock transfer if there is evidence of majority tenant support for it. This evidence is generated through a formal consultation process and a ballot of tenants.
- 10.2 In the last two years, there have been several tenant ballots on different stock transfer areas in Lewisham and all except one in New Cross Gate have had a positive ballot result. Evidence from these and other transfers in progress indicate that transfer proposals underpinned by strong resident involvement have good prospects of securing a positive ballot.

## **11. Financial implications**

### **11.1 Transfer receipts**

Under stock transfer, the housing is sold to a third party at an agreed valuation. Further capital receipts are then possible from separate arrangements on VAT and post transfer right to buy receipts.

### **11.2 Ongoing impact on Council budgets**

A reduction in housing stock through transfer leads to an automatic reduction in housing management and maintenance subsidy. As a part of the related costs are fixed or semi fixed, this inevitably leads to pressure on the HRA and general fund, and a need for savings.

- 11.3 Depending on the structure of the transfer arrangements, it is likely that there would be a need for savings of £1m - £2m for the whole Chrysalis area. The savings requirement will be addressed in the ongoing HRA budget strategy.

## **12. Legal implications**

- 12.1 Where a stock transfer is proposed, Section 106A of and Schedule 3A to the Housing Act 1985 impose additional consultation requirements on the Council, and these apply in place of the general duty to consult on matters of housing management under section 105 of the Housing Act 1985 and 137 of the Housing Act 1996. Authorities are required to consult with those secure and introductory tenants providing them with details of the proposal including the identity of the proposed transferee landlord, the likely consequences of the disposal for the tenant (including the preserved Right to Buy for secure tenants) and the effect of the consultation requirements. The authority is required to consider any responses received and to serve a further notice on the tenants advising them of any significant changes to the transfer proposal and of their right to object to the proposal to the Secretary of State. The Secretary of State cannot give his consent to the transfer if it appears to him that the majority of tenants do not wish to proceed with the proposed transfer.
- 12.2 The formal process set out within paragraph 8.1 of this report is required to be carried out. Under section 32 of the Housing Act 1985, local housing

authorities cannot dispose of land held for housing purposes without the consent of the Secretary of State. In considering whether to grant consent, the Secretary of State will be mindful of the tenants ballot discussed above. The formal application for Ministerial Disposal consent under section 32 of the Housing Act 1985 would need to be authorised by full Council.

### **12.3 Race Relations Amendment Act 2000**

As part of the Council's Decent Homes Strategy Mayor and Cabinet will need to have had regard to the Council's general duties under the Race Relations (Amendment ) Act including the need to assess the likely impact of policies prior to introduction.

### **12.4 Disability Discrimination Act 2005**

Members will need to have due regard to the Councils' general duty under the Disability Discrimination Act 1995 as amended by the Disability Discrimination Act 2005, including the need to eliminate unlawful discrimination, harassment, to promote equality of opportunity, and positive attitudes towards disabled persons , and to encourage participation by disabled persons in public life.

## **13. Equalities implications**

- 13.1 A full equalities impact assessment (EIA) on the stock options appraisal process has been carried out to assess the possible negative and positive impact on all equality groups in Lewisham. This will be published and the effect of the policy will be monitored. The EIA will also be presented to shadow boards and steering groups leading the process in each area so that the findings can be taken into account.

## **14. Environmental implications**

- 14.1 Works carried out to bring homes up to the Decent Homes standard should lead to greater energy efficiency, reduced maintenance costs and lower fuel bills for residents. It will also reduce the level of harmful gases being released into the atmosphere.

## **15. Crime and disorder considerations**

- 15.1 Through consultation with residents and other relevant stakeholders there is an opportunity to tackle crime and anti-social behaviour. Investment in physical improvements will go hand in hand with enhanced estate management to reduce crime and anti-social behaviour. The Council will also secure any future partners commitment to tackling race and hate crime, domestic violence and improving child protection.

## 16. Author and Background papers

Title document	Date	Location
Chrysalis stock transfer evaluation exercise inc.  Housing Association feedback, resident drop in sessions, resident test of opinion and views of residents from former PFI steering group and financial implications.	April 2008	5 <sup>th</sup> Floor Laurence House
Review of Decent Homes Strategy for Chrysalis PFI area	Mayor & Cabinet 5 December 2007	5 <sup>th</sup> floor Laurence House
Chrysalis PFI update – regarding submission of a revised outline business case to CLG	Mayor & Cabinet 18 April 2007	5 <sup>th</sup> floor Laurence House
Decent Homes update	Mayor & Cabinet 9 November 2005	5 <sup>th</sup> floor Laurence House
Decent Homes Strategy	Full Council 29 June 2005	5 <sup>th</sup> floor Laurence House
Decent Homes Strategy	Mayor & Cabinet 8 June 2005	5 <sup>th</sup> floor Laurence House
Housing Stock Option Appraisal – Overarching strategy	Full Council 15 December 2004	5 <sup>th</sup> floor Laurence House

For more information on this report, please contact Janet Sutherland on 020 8314 6057.