

MAYOR AND CABINET			
Report Titles	New Cross – Decent Homes through stock transfer		
Key Decision	Yes	Item no.10	
Ward	NEW CROSS, TELEGRAPH HILL		
	EXECUTIVE DIRECTOR FOR CUSTOMER SERVICES, EXECUTIVE DIRECTOR FOR RESOURCES, EXECUTIVE DIRECTOR FOR REGENERATION, HEAD OF LAW		
Class	Open	Date	5 March 2008

Reasons for Urgency

Invitations for a place on the 2008/09 housing transfer schedule have been invited by CLG with a deadline for submission of end of March 2008. Failure to lodge an application by this date would mean that transfer could not take place until the next invitations for the 2009/10 financial year are considered in approximately 13 months time. The next forward plan is due to be published on 14 March allowing decisions to be taken only from 1st April onwards which would result in the programme suffering a severe delay. The Chair of the Overview and Scrutiny Business Panel has been informed that a decision on this matter is urgent and cannot reasonably be deferred until the next meeting on 9 April 2008.

1. Summary

- 1.1 As part of Lewisham's Decent Homes Strategy a stock transfer was proposed for New Cross Gate involving 1342 tenanted properties and approximately 487 leaseholders to the Hyde Housing Association (Hyde). On 6 September 2006 Mayor & Cabinet endorsed the New Cross Gate Resident Steering Group recommendation to select Hyde as the preferred landlord.
- 1.2 Mayor & Cabinet on 5th September 2007 considered a report on the progress of the proposed stock transfer in the New Cross Gate area, including the formal consultation process – Stage 1 and Stage 2 – to be carried out. Mayor & Cabinet approved the offer document, which was distributed on Monday 17th September 2007 to begin the formal 28 day consultation period. On 31st October 2007, Mayor & Cabinet noted the responses made to the Stage 1 consultation and agreed that no changes were required to the Council's offer to tenants and leaseholders.
- 1.3 Mayor & Cabinet agreed to proceed with Stage 2 consultation with the formal ballot of secure and introductory tenants and on Monday 19th November the Stage 2 notice was issued and the ballot conducted.
- 1.4 Mayor & Cabinet previously noted the ballot result and approved further consultation with residents in New Cross Gate .
- 1.5 This report seeks to inform Mayor & Cabinet of further discussions with residents and Hyde Housing Association and seeks approval to pursue

stock transfer as a partial solution to achieving Decent Homes in New Cross Gate

2. Recommendations

This report recommends that the Mayor agrees:

- 2.1 Further resident consultation in those areas where there was not opposition to transfer in order to determine if Decent Homes through stock transfer should be pursued.
- 2.2 Further discussion with CLG and the lodging of stock transfer application(s) for those areas where transfer is under consideration in the 2008/9 financial year.
- 2.3 To initiate discussion with Lewisham Homes and CLG (Communities and Local Government) to explore the possibilities for achieving Decent Homes through the Arms Length Management Organisation (ALMO) in areas where there was not support for stock transfer.

3. Policy Context

- 3.1 On 5 February 2003 the Government launched the Communities Plan (Sustainable Communities: Building for the future), which set out a long-term programme of action for delivering sustainable communities in both urban and rural areas. Part of this plan was to ensure that all council and housing association housing would be decent by 2010.
- 3.2 The Government defined a decent home as one that should be warm, weatherproof and have reasonably modern facilities, such as kitchens and bathrooms.
- 3.3 The Government required that all local authorities with housing stock to undertake a stock options appraisal by July 2005 to determine how Decent Homes will be achieved for all Council housing stock by 2010.
- 3.4 Lewisham completed its stock options appraisal in June 2005 and a comprehensive Decent Homes Strategy was developed that was endorsed by Mayor & Cabinet on 8 June 2005. The Strategy outlines Lewisham's mixed investment approach including five stock transfers, two Private Finance Initiatives (PFIs) and the Arms Length Management Organisation (ALMO): Lewisham Homes.
- 3.5 The Strategy was subsequently submitted to Government Office for London (GoL) setting out an investment plan for the entire housing stock to meet Decent Homes by 2010 and was signed off in August 2005.
- 3.6 Lewisham's Community Strategy incorporates the commitment to achieve decent homes.
- 3.7 Over the past year Mayor & Cabinet have been informed of the key stages of the New Cross Gate stock transfer and asked to consider the key issues that will impact on New Cross Gate tenants, these reports include:

- Selecting Hyde Housing as the preferred RSL partner – 6th September 2006
- Endorsing Council’s Stage 1 offer document for New Cross Gate – 17 September 2007
- Agreeing the commencement of Stage 2 consultation and the ballot – 31 October 2007
- Ballot Result – 16 January 2008

4. Background

- 4.1 The high number of properties not meeting the Decent Homes Standard at New Cross Gate and the aspirations of the residents for their properties determined that stock transfer was the only investment option to deliver Decent Homes and provide value for money. Following the conclusion of the options appraisal, residents proposed to pursue stock transfer to Hyde Housing Trust (Hyde) as their preferred option.
- 4.2 This culminated in an area wide ballot that did not demonstrate support for stock transfer across the whole of New Cross Gate

5. Post Ballot Activity

- 5.1 The Council cannot afford to meet the cost of achieving Decent homes across the whole of its stock and stock transfer represented a major opportunity to secure investment
- 5.2 Analysis of the ballot result has shown that there were clear areas of support for stock transfer within New Cross Gate, and a further area where the result was finely balanced. These properties are the street properties in Hatcham Park and Telegraph Hill, Lewis Silkin House , Harney Court and Romney Close. These 661 properties represent over 35% of the original stock transfer area, full details are shown in the table below:

Area	% Yes vote	% No vote	% Turnout
Harney	100%	0%	60.00
Hatcham Park	58%	42%	54.86
Lewis Silkin	85%	15%	66.67
Romney	75%	25%	50.00
Telegraph Hill Street Properties	50%	50%	49.44

- 5.3 Further discussion has taken place with Hyde Housing Association and representatives of the New Cross Gate Resident Steering Group. This has indicated that there is support for stock transfers in these areas. This support would be tested with residents by a Test of Opinion to establish support for a further ballot. A successful stock transfer for those areas would provide an opportunity for those residents to benefit from the significant investment that Hyde can offer.
- 5.4 Analysis of the investment need for those areas where transfer remains a possibility shows a requirement for £15.4 million investment to reach the decent homes standard. This reflects the increase levels of non decency

since the last stock condition survey was carried out in 2003 and represents an average cost per unit of £23,300.

6. Stock transfer process

- 6.1 A further ballot would be regarded as a new proposal and would necessitate gaining a place on CLG's stock transfer programme followed by a renewed resident consultation culminating a revised offer document. Discussions with Hyde Housing Association have confirmed that residents would receive no less investment to their homes.
- 6.2 It is proposed to ballot those five areas identified above separately giving each the opportunity to vote on proposals aimed specifically at their area.

7. Decent Homes through the ALMO

- 7.1 The New Cross Gate area is currently being managed by Lewisham Homes, the Council's ALMO. Where there is no stock transfer, properties will continue to be managed by Lewisham Homes. Although no funding is currently available for improvements, any future applications for ALMO funding could include the New Cross Gate area, although there is no certainty that this would be forthcoming
- 7.2 Analysis of the investment need for those areas which voted against transfer shows a requirement for £14.2 million investment to reach the decent homes standard. This reflects the increase levels of non decency since the last stock condition survey was carried out in 2003 and represents an average cost per unit of £12,000.
- 7.3 It is proposed that officers initiate discussions with Lewisham Homes and subsequently the CLG regarding submitting a request to the CLG for additional funding for Lewisham Homes to deliver Decent Homes for these properties. There is no indication that such a bid would be successful nor what amount of money may be forthcoming from the CLG. In addition any funding would not be available until Lewisham Homes reached a 2 star performance rating. Further consultation with residents of the affected properties will be undertaken in line with the proposed way forward. This proposal would affect 1181 properties.

8. Leaseholder Consultation

- 8.1 There are no statutory requirements for consulting leaseholders as the terms of their lease would not change if the freehold transferred to an RSL. However, Lewisham recognises that leaseholders are key stakeholders in any transfer process and has sought to involve them in the consultation process from the outset of the stock options appraisal process and the RSL selection process.
- 8.2 Officers therefore recommend that leaseholders should not be balloted on the transfer proposals for the reasons set out above.

9. Stakeholder Consultation

- 9.1 A communications strategy would ensure staff and other stakeholders, including partner landlords are kept informed of the process.
- 9.2 Local organisations and council staff who work in the area have been briefed on decent homes, including the wardens service, caretakers and housing officers.

10. Staff Consultation

- 10.1 The Council has consulted with staff regarding the options and the implications for them in the context of the overarching strategy for the whole borough. This consultation has included staff directly involved in housing services, caretakers. All staff have had access to information on the options appraisal process through the Council's web site and through a process of regular briefings.
- 10.2 The consultation with staff from Lewisham Homes will continue to be led by officers from Strategic Housing.

11. Member Consultation

- 11.1 Council members have been engaged in the options appraisal process with regular presentations on the findings of the stock condition survey, the financial analysis and the emerging results of residents consultation. Ward members for the New Cross Gate transfer area have been kept informed of consultation events and the general transfer process.

12. Financial Implications

- 12.1 The Council's costs related to the proposed transfer are estimated to be nearly £1m which will be reimbursed by Hyde Housing Association. Hyde would be committed to covering the Council's costs for the rebalot up to this level.
- 12.2 As reported previously the capital resources available to the Council are not sufficient to fund the investment needs on the New Cross Gate properties. Hyde were going to put an additional £44m into improving the properties which is no longer available. Further work will be undertaken to confirm the investment Hyde will make available to the five areas identified above. However, it is estimated that this will be of the order of £15-20m over four years in the properties and the surrounding environment. The transfer of the stock in the five areas will add a cost pressure to the HRA of some £0.6m over 3 years, resulting from the phasing in of cost reductions to balance an immediate reduction in housing subsidy.
- 12.3 Further investment to meet decent homes on those properties transferring to the ALMO would be dependant on CLG agreeing to increase the funding available to Lewisham Homes and to Lewisham Homes achieving a 2 star performance rating.

13. Legal Implications

13.1 Consultation

- 13.1.1 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. Authorities are required to consult with affected 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 (stage 2 letter) on the tenants advising them of any significant changes to the transfer proposal and of their right within a timeframe which must be at least 28 days after the service of the notice to object to the proposal to the Secretary of State; and informing them that consent will be withheld if the majority of tenants are opposed to the transfer.
- 13.1.2 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. The Secretary of State can also require further consultation to be carried out.
- 13.1.3 The Council would need to undertake this consultation once the transfer proposals had been worked up in sufficient detail, and following Ministerial approval to include the transfer in the disposals programme. At that stage Mayor & Cabinet would need to consider the outcome of the consultation and make a formal decision whether or not to proceed with the proposed transfer.
- 13.1.4 If the outcome of the ballot is negative and the Council seeks to make what it considers to be a change in housing management that will substantially affect secure or introductory tenants, section 105 of the Housing Act 1985 and section 137 of the Housing Act 1996 respectively, requires the Council to inform those tenants of the proposals and consider any representations before making a decision. If the outcome of the second ballot proposed in New Cross Gate is negative, then this duty will apply.
- 13.1.5 Following the negative ballot result in New Cross Gate and on the basis set out in paragraph 13.1.4, the Council has undertaken the further consultation referred to at paragraph 5.3 above to ascertain the level of support for stock transfer in those areas of New Cross Gate where the original proposal was either supported or the result was finely balanced. Further consultation with tenants regarding the proposal for Lewisham Homes to continue to manage those properties in New Cross Gate which did not support the original stock transfer proposals will also be undertaken as referred to at paragraph 7 below

13.2 Race Relations Amendment Act 2000

- 13.2.1 As part of the Council's Decent Homes Strategy Mayor & 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.

13.3 Disability Discrimination Act 2005

13.3.1 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.

14. Equalities Implications

14.1 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 is available and the effect of the policy is monitored.

15. Conclusion

15.1 This report seeks Mayor & Cabinet approval to investigate stock transfer to Hyde Housing Association in those areas of New Cross Gate where the original proposal was either supported or the result was finely balanced.

15.2 This report seeks approval from Mayor & Cabinet to open negotiations with Lewisham Homes regarding their continued management of those properties where there was not support for the original transfer proposals subject to further consultation proposed with tenants.

16. Background Papers

title document	Date	Location
Decent Homes through stock transfer – Stage Two	Mayor and Cabinet 31 st October 2007	5 th Floor Laurence House
Decent Homes through stock transfer – Stage One	Mayor and Cabinet 17 th September 2007	5 th Floor Laurence House
New Cross RSL landlord selection	September 2006	5 th Floor Laurence House
Decent Homes update	Mayor and Cabinet 9 November 2005	5th Floor Laurence House
Decent Homes Strategy	Full Council 29 June 2005	5th Floor Laurence House
Decent Homes Strategy	Mayor and Cabinet 8 June 2005	5th Floor Laurence House
Housing Stock Option Appraisal - Overarching strategy	Full Council 15 December 2004	5th Floor Laurence House

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