

<b>Item No.</b> 5	<b>Classification:</b> Open	<b>Date:</b> November 21 2007	<b>Meeting Name:</b> Major Projects Board
<b>Report title:</b>		Project Updates	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director, Major Projects	

## **RECOMMENDATION**

1. That Major Projects Board note the attached updates on three issues previously requested by the Major Projects Board:
  - Right to Buy on the Aylesbury
  - Elephant & Castle Early Housing Sites
  - Leaseholders on the Heygate estate
2. That Major Projects Board provides feedback on proposed new reporting formats to be circulated at the meeting.

## **BACKGROUND INFORMATION**

### **Aylesbury Right to Buy**

3. In September, Major Project Board requested information on the number of properties being sold on the Aylesbury estate under right to buy. An analysis of figures for the year to date show that none of the 12 Aylesbury applications registered in 2007/08 have resulted in successful completions. It is considered that the difficulty in obtaining financing is key to this. The previous heavy application activity following the redevelopment decision has dissipated, although the rate of applications for Aylesbury remains higher than for Southwark as a whole.
4. Legally Right to Buy can only be suspended if there are plans to demolish properties within the next five years. Southwark has lobbied the government in the past to extend this period, most recently in its response to Communities and Local Government consultation on housing.

### **Elephant & Castle Early Housing Sites Update**

#### Development Agreement

5. Consortium B have signed the Development Agreement and are proceeding with working their schemes towards planning. Consortium A have yet to sign the development agreement and are currently working through their financial viability models and title deed issues on one of the sites. A temporary project surveyor within Major Projects has been identified to undertake the outstanding work necessary to complete the agreement and an update on progress will be reported at the next Elephant & Castle Board meeting.

## Planning Submissions

6. All schemes are proceeding towards planning application and are currently completing the necessary supporting documentation required. The two consortiums are working with Southwark planners to arrange a programme of meetings prior to submission in which the plans shall be reviewed. All Housing Associations are working closely with their architects during this period as final densities are yet to be 100% confirmed and any comments from consultation events and major application meetings could result if further addition or reduction in unit numbers.
7. At the time of writing it is anticipated that two schemes will be formally submitted in early December and the remaining schemes shall be submitted for planning between January and April. The three Family Mosaic sites (Harper Road/Symington, Harper Road/Swan Street and Pocock Street) will be the first to be reviewed at Southwark Major Application's team in December as will the London & Quadrant sites Townsend Street, Leroy Street and St. Georges Road.
8. The remaining sites will all be reviewed at Major Applications meetings in the new year prior to their submission for formal application.
9. The team are currently arranging a briefing on the early housing programme and overarching planning statement for members of the planning committee.

## Public Consultation

10. Only one of the 15 housing sites is yet to have a consultation event, which is the Harper Rd / Symington House site. It is anticipated that this will take place in late January. Final details will be circulated to ward councillors and other key executive members early in the new year.
11. Newington South has undergone its second consultation event held on October 17 2007. The response to the revised scheme was generally positive. Prospect House had its second event on November 13 2007, Harper Road/ Swan Street is scheduled for the fourth week of January and the second Stead Street event is likely to be held towards the end of February. With the exception of Leroy Street, it is not currently considered that the remaining sites require a further consultation event, however this will be kept under review.
12. The Elephant & Castle team has reviewed resources for managing the early housing programme and this has identified the need for further communications and consultation support.

## **Heygate Leaseholders**

13. On February 8 2005 the Executive received a report entitled "Elephant & Castle Leaseholder Policy" and agreed to the recommendations set out in the report governing how leaseholders would qualify for rehousing assistance and what assistance would be offered based on their financial circumstance.
14. The report outlined a number of options in respect of the re-housing of leaseholders with provision either through the private sector, RSLs or the Council:
  - (a) Buying a property on the open market
  - (b) Buying a shared ownership unit
  - (c) Buying a retained equity unit

- (d) Comparative value transaction
  - (e) Becoming a tenant within one of the new early housing site properties or within the Council's existing stock
15. This paper outlines a process for enabling the implementation of these options within the scope of the project following the Executive decision (June 2007) to advance the re-housing programme in order to achieve vacant possession by September 2009.
16. There are 109 Leaseholders peppered across the estate. The spread of leaseholders will have a negative impact on our ability to close off blocks/phases for early demolition; for example there is a leaseholder on almost every floor of Kingshill. (see appendix 1 for map of Leaseholders in Kingshill). It is vitally important that we negotiate the re-housing of Leaseholders as it will not otherwise be possible to move them from the Estate without invoking the compulsory purchase order. In order to achieve this we believe we must put in place a robust, transparent and defensible system that provides leaseholders with maximum choice and attractive options.
17. The following process will be used to implement the leaseholder options listed above:
- a) All Leaseholders will undergo a housing assessment in order to assess their housing needs in terms of bed size and other issues that might affect their housing requirements.
  - b) All Leaseholders will undergo a general financial assessment in order to clarify their ability to afford the various options on offer.
  - c) This financial assessment will be based on assessing Leaseholders against a sample of all Council owned properties available on the Homeseach system in terms of household need at the assessment date, rather than providing a specific assessment against one property.
  - d) Where Leaseholders are found to afford 110% of the value of such properties, they would be encouraged to seek alternative accommodation on the open market (Option a above). Open market sales could involve a shared ownership or shared equity arrangement on a new property through RSL providers (Option b and c).  
The reason for increasing this from 100% to 110% is to provide sufficient justification that Leaseholders will be able to afford a full purchase on the open market by incorporating possible property value rises during the assessment process and the actual affordability of any particular property as opposed to our averages.
  - e) Where Leaseholders are found to afford less than 25% of the value of such properties they would be encouraged to become a secure tenant of the Council and supported to find alternative accommodation through the Homeseach system (Option e above).
  - f) Where Leaseholders are found to afford between 25% and 109% of the value of such properties they would be supported to secure a shared ownership on a comparative value Council owned property (expansion of option d above), the maximum share allowable being up to their level of affordability.
  - g) Leaseholders who qualified to purchase a comparative value property would select a property from existing vacant council stock using the Homeseach system. A further assessment of affordability will be completed against the property of choice and the Council would then support the Leaseholder to secure the most appropriate solution.
  - h) Our aim is to support the Leaseholders into a shared ownership arrangement. This arrangement has the benefit of allowing Leaseholder to purchase the property incrementally and eventually secure full ownership of the property. In

addition, it provides maximum financial benefits for the Council in terms of maximising capital receipts and HRA gains from service charges and rental income, which would, in the majority of cases, exceed that gained from tenancy rental (see example below).

18. This approach of using Homesearch to select comparative value transfer properties for Leaseholders, and the sale of Council stock on a comparative value basis will be pioneering an new approach for Southwark. As such, we anticipate monitoring this process and adjust aspects of the schemes to deal with circumstances we encounter and to learn by experience.

### Reporting Formats

19. As reported in July 2007, to support effective and informed decision making, the Major Project's Board needs a system of programme management that provides the right level of detail, focuses on meaningful dates, makes interdependences clear and links activities to overall project objectives. Following consultation with executive members, corporate strategy, project directors and other staff a proposed model will be presented at the meeting.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

### LIST OF APPENDICES

Number	Title
Appendix 1	Map of leaseholders in Kingshill
Appendix 2	Example of comparative value shared ownership (Not a real life scenario)

### AUDIT TRAIL

<b>Lead Officer</b>	Stephen McDonald, Strategic Director of Major Projects,	
<b>Report Author</b>	Martin Smith – Elephant Links Director	
<b>Version</b>	Final	
<b>Dated</b>	November 16 2007	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
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