

Item No. 7.	Classification: Open	Date: 20 July 2010	Meeting Name: Cabinet
Report title:		Maydew House – Results from the Residents’ Consultation	
Ward(s) or groups affected:		Electoral ward(s); Rotherhithe ward	
Cabinet Member		Deputy Leader & Cabinet Member for Housing Management	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER & CABINET MEMBER FOR HOUSING MANAGEMENT

1. Our Manifesto pledge is to make all council homes warm, safe, and dry. In February, the then Executive of the council considered the high cost of investing in Maydew House to bring it up to the Southwark decent homes standard and looked at possible alternative options. At the time, residents asked for more information and that further consultation and discussion with residents was undertaken.
2. This report provides the Cabinet with the results of the consultation process with the residents of Maydew House. It sets out the arrangements for carrying out the consultation work and summarises the feedback that has been received. I have also visited Maydew House in person to meet the residents and to listen to their views and concerns.
3. The report explains that significant works are required to Maydew House which due to the unusually high extent of asbestos existing within the block will require existing residents to move out for an extended period of more than 12 months for that work to be completed. The process of residents moving out is likely to take around 18 months and the completion of the work around a year.
4. The requirement for the whole of Maydew House to be vacated will be necessary whichever option the Cabinet decide to progress for the future of the block, as a full re-housing programme for the block is required to undertake the works that are necessary to meet the decent homes standard.
5. Resident views are central to agreeing the way forward for Maydew House but this will have to be carefully balanced against the excessively high cost of refurbishing the block to meet the decent homes standard and carry out other essential works; and be considered in the light of the overall investment needs of all the council’s housing stock across the borough. An update on the cost of retaining and investing in this block is set out in this report.
6. The previous report considered the sale of the block and this remains an option. The council, however, has a strong commitment to retaining its housing stock to meet local housing need and disposals are only considered in very exceptional and agreed circumstances; and where they are part of either a broader regeneration initiative or an agreed council strategy to generate funds to re-invest in the council’s housing stock.
7. Maydew House requires significant work and capital expenditure to make it warmer, safer, and dry, and to meet the government’s decent homes standard. Doing nothing

is not an option because it would not allow the council to meet either its decent homes targets or its statutory landlord obligations to maintain the block. These unique and exceptional circumstances require special consideration and residents' views play a key part in informing the decision. I would like to record my personal thanks to all the residents who have taken the opportunity to contact us and feed back their views.

RECOMMENDATIONS

That the Cabinet agrees:

8. To note the findings from the consultation with the tenants and leaseholders of Maydew House.
9. To note that residents will be required to move out of their properties regardless of whether Maydew House is sold or retained and refurbished due to the nature and extent of the work required which is necessary to ensure that Maydew House meets the Decent Homes standard.
10. To consider the long term future of Maydew House as part of the current review of the council's Decent Homes Investment Strategy, which is due to report later this year, and to make any decision in full consultation with the residents of Maydew House.
11. To commence the permanent re-housing of residents from Maydew House with immediate effect and in order to facilitate this, to apply the special allocations scheme in the council's lettings policy as it relates to re-housing on regeneration and improvement schemes (including awarding secure tenants band 1 priority for re-housing) and to agree the local variation to the council's lettings policy as set out in paragraph 110.
12. To provide qualifying displaced residents with home loss and disturbance payments, under relevant legislation.
13. To deduct any outstanding rent arrears (and in cases where a liability order has been obtained, outstanding council tax) from the home loss payment, in line with legal advice in paragraph 128, recognised good practice and sound financial management principles, with exceptions to this being considered each on their own merits under the council's complaints and representation procedure.
14. To agree the decision to ring fence the new units currently being built at Montreal House in Canada Water to secure tenants being re-housed from Maydew House and the Heygate estate
15. Officers be asked to investigate the viability of extending the cash incentive scheme currently in place, from within existing budgets, to assist secure tenants of Maydew house who may be interested in a move into home ownership and to prepare a report with recommendations to the Deputy Leader and Cabinet Member for Housing Management to consider.
16. To the acquisition of all leasehold interests in Maydew House, to be funded from the Housing Investment Programme and to authorise the Head of Property to undertake the necessary negotiations

BACKGROUND INFORMATION

17. Maydew House is a 24 storey block of 144 two bedroom flats, arranged in 'scissor' configuration, on the edge of Southwark Park. It is part of the Abbeyfield Estate which also includes Thaxted and Damory Courts, the Bede Centre and the Y block.
18. A report on options for investment in Maydew House was considered by the Executive on February 15 2010. The Executive resolved that officers:
 - i. Provide an information pack on all considered options to Maydew residents, together with individual consultation of residents on their housing preferences.
 - ii. Carry out further feasibility work and report back on investment and regeneration options for the wider Abbeyfield Estate.
 - iii. Report back to Executive in June 2010 on the outcome of 1 and 2 above.
 - iv. Investigate further the possibility of early moves for those who have already registered for housing transfer.
19. This report deals with recommendations (i), (iii) and (iv) above. The work in respect of investment and regeneration options for the wider estate (recommendation (ii) will be integrated within a report on the wider investment options considering the investment needs of the whole of the Council's housing stock.
20. The information pack was provided for residents. It was delivered on March 20 2010 to all secure tenants and leaseholders. Two packs were put together: one for secure tenants and one for leaseholders. A letter was also sent to all residents in temporary accommodation to inform them that these activities were under way involving their neighbours. A dedicated enquiry line was also set up to deal with questions arising from the pack. The pack, which is one of the background papers, explained why the council needs to make a decision about the future of Maydew House, and why, whatever option is to be pursued, residents will need to move out.
21. The current occupancy breakdown at Maydew House (as at July 2010) is:

Secure Tenants	96
Temporary Accommodation/Licences	40
Leaseholders	5
Voids	3
Total	144

22. Permanent re-lets to vacant flats in Maydew House were suspended in 2008 because the need to carry out major works was identified. It was recognised, however, that the nature and extent of work to be carried out was more than could reasonably be expected to be achieved in occupied properties and therefore would require the rehousing of residents.
23. Due to the significant nature and extent of the work required, the high cost, and limitations on the resources available, it was also identified that it would be necessary for the council to review all available options for the sustainable future of the block, in consultation with residents, to ensure that the best practical way

forward was identified, taking into account resident views and resource availability.

24. There was no decision to actively re-house Maydew House residents at that time, and for most of the period since, void properties within the block have not been let permanently and have been used as temporary accommodation.
25. The further feasibility work on investment and regeneration options for the wider Abbeyfield Estate is currently the subject of detailed appraisal and options work. This work will form the basis for consultation with residents and tenants of the wider estate. Once this is complete, a further report will be brought to Cabinet.
26. Some residents had already requested to move from Maydew House prior to this consultation exercise. None have currently moved and this is mainly due to their housing need having placed them in a band which requires them to have to wait some time before they are likely to be successful in bidding for properties under the Council's Choice Based Lettings scheme.

OVERVIEW

27. In considering this report, there are five key questions:

I. Why is it necessary for the block to be fully vacated for the works to take place?

28. The council's technical advice is that the nature and extent of the works will be highly disruptive and, due to the way that Maydew House has been constructed, is likely to disturb significant levels of asbestos, which is difficult to manage safely with residents in occupation.
29. Given the single stairway, and the scissor type construction of the block, it is difficult to compartmentalise the work or to do it in sections, with residents remaining in occupation. The council's advice is that phasing works is unlikely to be practical. Phasing would be inconvenient to residents, involve significant construction programme difficulties for any contractor, is likely to compromise health and safety regulations, extend the work programme, and increase the cost of the contract. In any event, residents would still have to move out while work is done to their own flat for a lengthy and protracted period.
30. It is important to emphasise that Maydew House is not an unsafe place in which to live. If left un-disturbed the asbestos is perfectly safe. The block, however, is in extensive need of updating and refurbishment. These improvement works will disturb significant amounts of asbestos whatever works are carried out which mean that the residents will need to move out while the works take place.

II. Could the council do less works to reduce the overall costs of investing in the block and as a result, make it more financially viable for the council to retain the block and not sell it?

31. The updated cost advice is shown in Appendix B and is split between essential and non essential works. This cost advice excludes the cost of home loss and disturbance payments, lease holder buy backs and professional fees.
32. Further items could be removed from the list of essential works if Cabinet and residents agree, such as the renewal of kitchen and bathroom replacements, in order to reduce costs. However, the scope for removing items and reducing the

scale of the works is extremely limited as most of the works are essential upgrades to services and amenities within the block.

33. Removing kitchen and bathroom replacements, for example, would reduce costs by around £1M to approximately £9.5M. It is difficult, however, to see what other works could be scaled back.
34. The majority of proposed works are statutory landlord obligations and cannot be removed from the programme if the council is to meet its legal responsibilities to keep the block in good repair and its requirement to achieve decent homes. These include items such as electrical rewiring; structural repairs; roof renewal; lift replacement; communal ventilation; renewal of water mains; works to refuse chutes; and plant equipment renewal. Ongoing day to day responsive repairs to the block are high due to the need to urgently upgrade many of these basic facilities and amenities.

III. Why is it necessary for residents to move out permanently?

35. The works involved are significant and extensive and are likely to involve residents having to move out of the block for more than a year while they take place and possibly longer.
36. In addition, given the nature, extent and complexity of works of this type to a building of this construction, the programme for any proposed building works could take longer than for a more conventional scheme or building project and there are many uncertainties.
37. Moving residents out for lengthy periods of time has a significant impact on people's lives. To offer a temporary move for a lengthy period, when residents build up family, school, and work commitments in an area where they have only been re-housed on a temporary basis with uncertainty about when they may need to move back is not considered to be reasonable or fair to the residents who will be impacted by the work.
38. The offer of a permanent move given the likely duration of the work offers residents the ability to relocate, build new support networks, and make firm plans for the future.

IV. Why does a decision need to be made now?

39. The council has made a commitment to achieving decent homes and ensuring that all council homes are safe, warm, and dry. To achieve this for Maydew House, the block will first have to be vacated and this is likely to take around 18 months from start to finish.
40. If Maydew House is retained and refurbished, works cannot start until the building has been fully vacated, as we do not believe that doing the works in sections will be feasible.
41. The work itself is likely to take around a year and possibly longer. This means that, if the council does decide to retain the block and refurbish it, it will be at least two and a half years before the work is completed.
42. If a decision is made to sell Maydew House, it will still need to be vacated and disposed of quickly because, while it is still occupied and until it has been sold, it

will count against the council's decent homes targets as non decent stock.

V. What do residents think about what needs to be done?

43. Residents' comments and opinions are set out in detail in the rest of this report.

RESIDENT CONSULTATION

44. Following the delivery of the information pack to Maydew House, residents were invited to feed back views and ask questions. Tenants were also offered individual meetings with staff.

45. A summary of the consultation work carried out since March 2010 is set out below in Table 1.

Table 1 – Consultation Work April / May 2010

Number of secure tenants	96
Number of consultation visits requested and completed	68
Number of tenants already registered on Homesearch (prior to start of consultation process)	25
Number of tenants who have completed in full the Housing Application form during the consultation process	21
Number of surveys returned	84

46. To date, the majority of residents have expressed a wish not to return to Maydew House if they are required to move out.

47. The question that residents were asked was:

Given that residents must move for the asbestos to be removed, do you prefer a permanent or temporary move?

48. The responses that we have received to date have been:

- 62 households wished to move out permanently and not return
- 12 households wished to move out temporarily and return
- Nine households did not know
- One household said they would be happy with either a temporary or a permanent move.

49. This means that so far only 12 households expressed a wish to return to the block.

Resident Consultation Surgery Event – 17 May 2010

50. The Chief Executive with other staff held a consultation surgery at Maydew House on Monday 17 May between 4pm and 9pm. All residents received a letter to invite them to book an appointment and were able to sign up for a time with the concierge office. There were posters up around the block advertising this and households were asked to contact the council to arrange an appointment.

51. A total of 24 households signed up for the event. However, of the 24 that signed up, two did not attend and a further three attended that had not booked a prior appointment. Therefore, there were in total 25 households that attended this

consultation event on 17 May 2010.

52. Of the 25 households that attended, there were two temporary tenants, one leaseholder, and 22 secure council tenants.
53. Many residents expressed concern about the timetable for any potential moves out of Maydew House. Residents were advised that no timetable can be confirmed until the council's Cabinet has agreed what it wishes to do regarding the block and that the resident feedback will inform this decision; that no final decision has yet been made; that the presence of asbestos in the block and the extensive works required to bring the block up to the decent homes standard would necessitate all residents having to move out whatever is decided about the long term future of the block; that the Cabinet will be considering a report on this in either June or July this year; and that residents would be notified of the date the Cabinet would be considering the issue.
54. Many residents raised individual issues regarding their own personal housing circumstances and these matters have been followed up individually with key officers making contact with residents on matters raised.
55. The leaseholder expressed concern about leaseholders having to pay a contribution to the current fire safety works which are being carried out and he felt it was unfair that leaseholders should have to pay this, when they may shortly have to vacate the building. This is an issue also raised by two other leaseholders as part of the wider consultation work.
56. Of the 22 secure tenants, eight of the tenants who came to the event had previously applied for a move out of Maydew House prior to the start of the consultation. Four of the tenants expressed reluctance to move out of Maydew House on a permanent basis, giving reasons such as the existing sense of community at Maydew House; the need to be near friends and neighbours; and the difficulty of moving. One of the residents also expressed concern that the information on the extent of asbestos within the building and the need for residents to move out while works take place may not be reliable. The remaining 18 residents wished to move permanently from Maydew House. Many of these residents also felt that being given Band 1 status was also a good incentive and there was a strong preference for local new build projects being ring fenced for Maydew House residents. Residents also supported the development of a local variation to the lettings policy to prioritise people moving out of the block for offers of accommodation. It is fair to say that those residents who wished to move wanted a decision taken quickly, wanted to move quickly, and had no desire to return.
57. Four residents expressed interest in the Cash Incentive Scheme, which provides residents with a grant to purchase a private property, although it should be noted that this scheme is not currently available to residents at Maydew House because the council's current scheme is targeted on achieving moves to assist overcrowded households. However, if the Cabinet is able to agree that a policy decision is made to extend this scheme to specific residents in other circumstances this could include residents in Maydew House. Further work would be needed on this option, which officers would bring back to the appropriate decision maker.

Cabinet Visit to Maydew House – 28 May 2010

58. The Cabinet visited Maydew House on 28 May 2010 to have a look round the block

and to inspect an empty flat.

Meeting With the Tenants & Residents Association – 2 June 2010

59. Council officers were invited to the Tenants and Residents Association meeting which took place on 2 June 2010 to provide a general update.
60. The following feedback from residents was received:
- The information being assembled by the council, particularly on refurbishment costs should be independently checked.
 - Residents need reassurance that a decision has not already been made behind the scenes and that the current consultation is meaningful.
 - The timescale for the decision should be made clear as soon as possible.
 - There is a great deal of uncertainty among residents; the council should not delay a decision any further.
 - If a scheme for just Maydew is progressed, residents of Thaxted and Damory will still need to be consulted and kept informed because of the engineering links. Thaxted and Damory residents have not been involved enough so far.
 - In any decant work, the bed size entitlement policy for under occupiers should be carefully considered.
 - The fire safety work ongoing at Maydew House is welcomed but the contractors need to clean up after themselves daily.
 - Keeping maintenance and management standards up will be very important.

Visit To Maydew House by the Deputy Leader & Cabinet Member for Housing Management – 8 June 2010

61. The Deputy Leader and Cabinet Member for Housing Management, Councillor Ian Wingfield, visited Maydew House on 8 June 2010 to talk to the residents and to hear their concerns.
62. Residents expressed a wide range of views and comments. Councillor Wingfield invited residents to put their views in writing to him and promised that any letters or e mails that he received would be appended to the report as background papers for all Cabinet Members to see and to have available to them before making a decision. These are appended in Appendix C. He also told residents that they would be very welcome to attend the Cabinet meeting and to send a deputation to it, if they wished to do so.

ANALYSIS OF FEEDBACK RECEIVED FROM RESIDENTS – KEY ISSUES

63. The following is a summary of the issues that residents have raised:

Rent arrears

64. Residents generally have expressed concern about households in debt to the council, either with Council Tax payments or rent payments. Residents strongly felt that any proposed re-housing policy should prioritise those households not in debt to the council and incentivise residents to clear any outstanding debts.

Under Occupying Households

65. All the properties in Maydew House are two bedroom properties. In terms of one

bed need, and of those currently visited, 25 households would currently be assessed as qualifying for one bedroom properties. However, of these 25 households, 13 have specifically expressed a wish for a property that is larger than they would normally be allowed to be considered for under the council's current housing allocations policy. Our consultation feedback is still being confirmed and it is thought that this figure could be higher.

66. We have received comments from tenants to the effect that they wish to leave permanently but would not be happy to leave if they were only offered a one bed and this is an important issue to those residents. This does, however, need to be counter balanced by the council's wider responsibilities to maximise the use of the available social housing stock locally so that it helps those most in need. If the allocation of properties is not based on assessed housing need, those on the housing register have to wait longer.
67. The council's policy on all new decant projects is to match those households to those properties that meet their current housing needs and not to move households to properties which are too large for their needs. This will, understandably, be disappointing for some residents who are under occupying their current property and are looking for a like for like move.

Ring Fencing For Local New Build Schemes

68. The possibility of ring fencing new build schemes for residents at Maydew House is of interest to a large number of tenants. They do have reservations about Housing Association new build (mainly, around higher rents and their belief that rooms are smaller) but many residents would prefer a move to a housing association new build property, particularly if it allowed them to remain in the local area. This is because people have local contacts, work locally, and use local schools, and it helps to reduce the amount of change that people experience.
69. The decision to ring fence a particular new build scheme for a specific decant project is an individual member decision for the Deputy Leader and the Cabinet Member for Housing Management or a decision that could be made by the Cabinet. In making a decision to ring fence a scheme, the council needs to take into account the likelihood that this will disappoint other housing applicants in priority housing need that would also like to bid for these units. Recent experience of ring fencing properties is that there are often practical difficulties with holding properties on new build schemes. An alternative option would be not to ring fence the new build units but to actively market them to Maydew House residents. This would allow Maydew House residents to bid but alongside other housing applicants. As Band 1 applicants, Maydew House residents would be in the highest priority band for these properties but are unlikely to be successful in bidding for them unless the properties are specifically ring fenced to them.
70. Based on our consultation feedback, 52 tenants have confirmed an interest in registered social landlord new build schemes. In addition, 12 of the 52 specifically mentioned a preference to be considered for the new housing scheme at Montreal House, a scheme which is referred to in the resident information pack.
71. If the council wish to ring fence new build projects to Maydew House residents, the council may also wish to consider whether residents needing to be moved as part of other regeneration schemes should have these schemes ring fenced to them as well. As residents that need to be moved for regeneration schemes will have band 1 priority anyway they will already be well placed to be allocated to any new build

units that come up. This report recommends that a new build scheme at Montreal House in Canada Water which is ready now is ring fenced to Maydew House residents and also to residents being re-housed as part of the Heygate scheme to assist the council to vacate the Heygate estate.

Preference to Remain in the Local Area

72. It should be noted that the majority of tenants wish to stay in the Bermondsey/Rotherhithe area and some very specifically, in the Canada Water area.

Households Requesting to be Split up and Move to Smaller Properties

73. Some families wish to be split up and move to smaller properties. This is in cases where families have grown, some of which are tenancies shared between cousins or siblings, or where there are grown up children. This affects around five tenancies.
74. Under the terms of the council's Lettings Policy, the Housing Options Manager has the discretion to consider splitting large size family households where it is in the council's interest.
75. The council will normally consider re-housing non-dependents (sons and daughters) of the tenant where we are satisfied that the non-dependents were original members of the household at the time the tenancy commenced or were born into the household.
76. We would not normally consider re-housing cousins, aunts, uncles or more distant relatives, unless they were original members of the household at the start of the tenancy.
77. Each case is looked at separately on its own merits and is dealt with under the policies that the council has currently.

Interest in Home Ownership Options

78. 11 tenants have so far expressed an interest in possible home ownership options to move out of the block. However, to date only one household has completed financial information forms to enable an assessment to be made of the affordability of this option.
79. If the Cabinet wished to introduce a cash incentive scheme to help some Maydew House residents to purchase a private property, funding would need to be either re-directed from the current council scheme, which was set up to free up units in order to assist overcrowded households, or new resources would have to be found. Further work would be needed on this option, which officers would bring back to the appropriate decision maker.

Over Occupation

80. A number of tenants living at Maydew House are requiring larger properties to meet their housing need. Some have asked if they can be eligible for the larger bed properties on the basis that it is unfair to move now and then have to move again in near future when their housing needs will change. While this is understandable, given the very high levels of housing need and homelessness in the borough, it would be a significant policy change to assess housing need based

on future needs, however significant these needs may be, and such a policy, given the high level of housing need within the borough, is not recommended.

Feedback from Leaseholders

81. One leaseholder has expressed interest in the possibility of shared ownership as both leaseholders are elderly and she felt it may be difficult for them to afford to buy an alternative property without some form of assistance.
82. The council has also been in contact with Holland Properties – Managing Agents for a leaseholder, who lives abroad. We have not heard from the agent or the leaseholder since, despite encouraging completion of the feedback form.
83. One of the leaseholders had three issues:
 - 1) Paying full-cost for the fire safety works and not having the benefit of those works for the period they remain effective.
 - 2) Any potential increase in the costs of property ownership and his ability / willingness to accept this. He doesn't have a mortgage now and he doesn't feel the council will be able to pay enough for him to purchase a like for like property without him having to take out a mortgage.
 - 3) Policy precedent. He wanted to know whether Maydew leaseholders would be afforded the same assistance options as leaseholders affected by other regeneration schemes.
84. Another leaseholder had a number of concerns over property values, the timescales for implementation of the Cabinet decision and the types and levels of disturbance costs the council would cover. He also expressed dissatisfaction at having to meet fire safety work costs as a leaseholder, despite possibly having to move out of the building. He is not certain as to whether he will require re-housing assistance, but may well do.
85. We have also been in contact with Phillipa Raven of Jetbond Ltd. The company are well versed with council procedure, having owned flats on the Heygate Estate. The flat is currently empty and Jetbond informed the council that they did not intend to re-let until the decision has been made, after which time they would look to reach agreement over a sale price swiftly.

Those Residents who did not wish to Move

86. Those residents that did not wish to move questioned the need for the works to be carried out and the necessity of moving out of the block to allow any works to take place. Some residents felt that it was not worth them responding to the consultation because, in their view, the decision had already been made. Residents that did not wish to move felt that they should be more fully compensated for any move, in terms of financial remuneration for the improvements that they have made to their properties and the investment that they have made in them. Some residents asked whether, if it was decided that Maydew House should be sold, affordable housing could be provided as part of any sale and refurbishment works to allow any interested residents to return.

Future Consultations Plan

87. Further consultation will take place with tenants and leaseholders following the approval of the recommendations. Specific consultation / information to tenants

being re-housed will take place via an open day, and a project team will be set up to consider options for any potential wider estate regeneration.

INVESTMENT NEEDS

Fire Risk Assessment (FRA)

88. The council is currently undertaking work to comply with the requirements of the FRA. Works to comply with the FRA started on site in early April. Good progress is being made on the work to be done and the LFB has expressed no concerns with our implementation plan to date. They will, however, need to be satisfied at the end of July/early August that our works have been completed to plan. On completion of the works Maydew House will be fully compliant with the FRA, however, in the longer term works to bring the building up to the highest standard of fire safety would be highly desirable given the design and construction of the block. These works would include rewiring to support hard wired smoke alarms, a disruptive programme that could not be completed with residents in situ.

Lift Upgrades

89. There are two lifts in the block and both call on each floor. There is asbestos in the lift shafts which would mean the area would need to be sealed while the asbestos is removed and the lift upgraded. The lift would be unavailable during the period of the works. Each lift could be upgraded separately, so for at least four months the block would be served by only one lift. Residents would not need to be decanted during the works but would clearly be inconvenienced. The lift which would be serving all floors while the other lift and lift shaft is upgraded is not likely to be reliable and could fail more often with more frequent use. While this is stating the obvious, the residents on the higher floors would be seriously inconvenienced by any ongoing lift failures.

Decent homes work

90. In assessing the options for Maydew House, there has been a specific focus on the current condition of the building, and the resulting investment needs. There has also been further work on the estimated costings of the work required. There have been two strands to the work; firstly, work has been undertaken as part of the refresh of the borough wide stock condition survey that is being finalised at the moment and secondly, a specific piece of work has been commissioned as part of the Abbeyfield options appraisal work by Levitt Bernstein and cost consultants, BPTW.
91. Initial costings were made available to Maydew residents as part of the information pack. The updated cost summary is attached at Appendix D, and shows the cost of delivering Southwark's decent homes standard and additional strategic safety works to Maydew House is estimated to be £12.2 million or nearly £85k per home. These figures exclude home loss and disturbance allowance payments lease holder buy backs and professional fees. The cost advice includes work classified as non-essential but which would normally be expected to be included when works of this scale are undertaken (the comparative costs excluding the non essential works is £10.5m / or around £73k per unit). Investment of this level represents a significant and disproportionate pressure for the decent homes budget and given the housing investment gap is considered to be very difficult to justify. The prioritisation of these works against limited resources would also mean that there could be no guarantee when these works could be carried out. The earliest these

works could be included in the investment delivery programme would be 2012/13, subject to prioritisation against our limited resources.

92. As part of the options testing a type 2 asbestos survey has been carried out for Maydew House (updated requirement for SCS methodology) that has provided further information on the known presence of asbestos throughout the building. In its present condition the asbestos is safe, and will remain so provided it is not disturbed. However, it has been confirmed by a specialist consultant that decent homes work would release the asbestos. They have recommended that given the nature and scale of the proposed decent homes work residents should be moved out of the building for the duration of the work.
93. This specialist recommendation limits the options available to the Cabinet in so far as undertaking the work while residents are living in Maydew House.
94. This means that no matter what the future is for Maydew House it will be necessary to relocate the existing residents. The financial and practical issues concerning investment at Maydew House are explored further in this report, but the situation is extremely challenging and may take some time to determine and thereafter to implement. It may also be that a preferred course could encounter unforeseen problems, which may prevent the return of residents. It does not seem reasonable that residents should be left to cope with this uncertainty, and should be offered priority for permanent rehousing forthwith. If rehousing is agreed, it is also recommended that negotiations be started with the five residential long leaseholders in Maydew House.

OPTIONS APPRAISAL

95. Officers are investigating three options to deliver the investment needed at Maydew House:
 - Option A - The council to carry out our decent homes works and other investment works to Maydew House.
 - Option B - Empty and sell Maydew House so that it can be refurbished by a potential commercial developer for 100% private homes, to generate a capital receipt to support the housing investment programme.
 - Option C - Demolish Maydew House and redevelop the site, also potentially generating a capital receipt for the housing investment programme, noting that current planning policy would not allow development on the existing scale.
96. A further option may be to dispose of Maydew House for refurbishment to a private developer, but with the provision in the contract of sale that an element of affordable housing is also provided within the block. This option is considered complex and may prove difficult to achieve because it will both disproportionately reduce the value of the block and the likelihood of securing a sale. Experience from other boroughs indicates that mixed tenure blocks often experience difficulty in being taken forward as viable projects, largely due to the lack of mortgage-ability of the private units in the block, and this presents a significant financial risk for any potential private purchaser interested in buying and refurbishing the block.
97. Consideration of plans for the long term future of the block will be considered as

part of the borough wide strategy for achieving decent homes and will be the subject of a further report.

STRATEGY FOR VACATING THE BLOCK

Temporary Accommodation

98. The high number of residents living in the block as temporary tenants will make the decant of the block a quicker process, although the priority is to move people and ensure that those remaining are safe and secure.
99. At the beginning of May 2010, there were 38 units used as temporary accommodation within Maydeu House and future empty properties and those becoming available through the decant will also be let as non-secure tenancies. This will continue until the secure tenants are all moved out and will be subject to a risk assessment of the continuing use of the building for temporary accommodation, particularly the use of the upper floors. It will also be subject to the cost of meeting a reasonable standard of accommodation for temporary use and other management considerations.
100. Temporary households residing in Maydeu House are housed under a non-secure tenancy as part of Homeless legislation, so will not be entitled to permanent accommodation or a home loss and disturbance payment as part of the decant process. However residents may be offered alternative housing as part of the temporary accommodation re-housing process. This will be dealt with by the Temporary Accommodation Services who will ensure residents are moved to suitable alternative accommodation separate from the scheme.
101. The Temporary Accommodation Service will ensure that vacant possession of these properties is achieved within the required timescale.

Leaseholder Issues

102. There are five leasehold interests in Maydeu House; two of which are sub-let. Specific consultation will need to take place with the leaseholders themselves with the aim of obtaining vacant possession by negotiation.
103. If the option of the council retaining the block is considered, leaseholders would be liable for an element of both the decent homes refurbishment works, and the strategic safety works. The rechargeable element of these works would be in the region of £73-85,000 per leasehold and this is likely to be unaffordable.

Decant Policy

104. The current decant policy as outlined in the council's lettings policy will apply. Tenants, and eligible leaseholders, will be given the highest re-housing status (Band 1) under this policy.
105. It is recommended that a local variation to the council's lettings policy is developed for the block. A local variation to the council's lettings policy for Maydeu house could work as follows:
 - All households to be re-housed are placed in Band 1 as under the current policy

- We would then prioritise households according to what floor they live on, going from top to bottom, so that we could begin to empty the block a floor at a time. This is the secure and safest way to proceed with a block of this nature.
 - Where two residents happen to bid for the same property, priority would be given to residents who did not owe the rent arrears.
106. This last variation is in line with the views expressed by the Maydew House tenants during the consultation. As referred to in this report, strong views were expressed by tenants on the issue of rent arrears and priority. As this proposal is considered to be largely in line with the current policy and where it is not, views have been already sought from the tenants, it is not considered necessary to carry out further consultation on this issue. In any event, it is not considered that the local variation is likely to substantially affect tenants.
107. As all the properties in the block are two bedroom homes, under the 2006 'Council Policy for rehousing tenants/homeowners on regeneration schemes (Executive 26/9/06) re-affirmed in an Executive member decision in January 2009 (Rehousing tenants and homeowners on regeneration schemes – outcome of consultation exercise and final proposal), no tenants or leaseholders will be entitled to an extra bedroom above need. This is to ensure that the council maximises the use of the social housing stock to help those that are most in need.
108. The council is also able to agree a policy on deductions from home loss payments and it is recommended that where tenants owe the council rent arrears, or in cases where they owe council tax arrears and the council has a liability order against them, a deduction is made from their home loss payment to cover any outstanding council debts. In making these deductions, the council does not fetter its discretion and will consider any exceptional cases where this should not apply on an individual basis. The emphasis is on exceptional cases. If the Cabinet is happy to agree this approach, it is recommended that exceptions to this policy are considered by the council's complaints and representations procedure. To put this into context, a schedule of council tax arrears and rent arrears is available as a background paper.

Implications on Current Decant Programme

109. The Executive decision of 14 October 2009 'Southwark Housing Strategy - 2009-16' noted the development of an interactive supply and demand model. This model informs our understanding of the capacity that the council has available for the borough wide decant programme which supports all of our housing regeneration schemes. Data within this model shows:
- New affordable housing supply, both intermediate and social housing, including new RSL developments and Section 106 agreements.
 - Projected relets of both council and RSL housing (based on historic letting data).
 - Demand from residents being relocated as a result of regeneration schemes, based on phasing of schemes.
 - Demand from other priority housing applicants.
110. From this model there is an assumption that 220 households will be decanted in regeneration schemes each year. It is difficult to accurately measure the impact of Maydew as successful rehousing will be determined by actual supply, need and

choice – of both property type and area, for all the priority schemes. From experience, residents being re-housed as part of a regeneration scheme from different parts of the borough have different preferences as to where they want to live. The feedback from the resident consultation is that many of the residents in Maydew House will want to remain in the north of the borough. This could put pressure on housing in the Bermondsey and Rotherhithe areas and may make it more difficult to meet other priority housing needs in those areas.

111. It is estimated the re-housing for Maydew will take around 18 months, starting from the date of the Cabinet decision in July 2010.
112. The decanting of Maydew House will have an impact on our overall decant capacity; however, it is believed that this can be managed as part of the decant programme but will require regular monitoring.

Community Impact Statement

113. Members of disadvantaged and minority communities are statistically more likely to be council tenants than the population as a whole. National research has shown that BME tenants are more likely to live in properties that require higher levels of investment. Improved housing also has a direct impact on wider issues such as education, security and health. The Housing Investment Programme, therefore, has a positive impact on black and minority ethnic communities in the borough by investing in council housing stock and generating resources to support capital investment.
114. Any proposals to rehouse people from Maydew House would need to take into account the impact of empty homes on the remaining residents living within the block. In particular, empty properties would need to be effectively managed to ensure that they do not have a detrimental impact on the personal safety or amenity of those remaining residents.
115. In rehousing residents from Maydew House, the council will ensure that the policies it adopts are fair and transparent and avoid discrimination.

IMPLICATIONS

Resource Implications

116. If Cabinet agree the recommendations which are set out in this report, provision can be made within the housing investment programme for expenditure of up to a total of £2 million in 2010/12, for the re-housing of tenants and leaseholders of Maydew House.
117. If the block is retained then the costs associated with the refurbishment of the block to decent homes standards will need to be funded directly from the decent homes allocation, at an estimated cost excluding home loss and disturbance allowance payments, leaseholder buy backs and fees, of around £12 million to bring the dwellings up to standard. This is not programmed within the current investment programme. The funding available for decent homes work across the whole of the borough is currently £40M per annum.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

118. Section 21 of the Housing Act 1985 vests the council with the power to manage its housing stock. This power enables the council to adopt such policies as it considers appropriate for the better management of its stock.
119. Section 105 Housing Act 1985 requires the council to consult with its secure tenants on matters of housing management, which in the opinion of the council as landlord represents a new programme of maintenance, improvement or demolition, or a change in the policy or practice of the authority and is likely to substantially affect either secure tenants as a whole or a group of them.
120. The report sets out the consultation that has taken place. Cabinet members should take the outcome of consultation into account when making decisions on the proposals.
121. As to the recommendation for permanent re-housing of residents, while the council will endeavor to re-house residents by agreement, secure tenants can only be required to give up possession of the property they occupy if one of the grounds for a possession order in Schedule 2 of the Housing Act 1985 is made out. The availability of the mandatory 'regeneration' grounds in schedule 2 will depend on the final decisions made with regard to the future of Maydew House. In the case of leaseholders, in the absence of agreement, the council could only acquire their interests in the property via a compulsory purchase order.
122. Those occupying 'temporary accommodation' will generally be non secure tenants who do not have security of tenure. In the absence of agreement to vacate, the council would need to obtain possession under a court order; an order in this situation would be available to the council as of right subject to fulfillment of the correct procedural requirements. Those vacating temporary accommodation may (but not necessarily) be entitled to the provision of alternative accommodation depending on their circumstances.
123. Occupying leaseholders are not generally entitled to be re-housed by the council following 'buy back' of their property. However in certain circumstances a duty to provide suitable alternative accommodation may arise under section 39 of the Land Compensation Act 1973. This duty arises where a person is displaced from residential accommodation in consequence of specified events that include a situation where land is to be improved or redeveloped. The duty does not apply to trespassers or persons permitted to reside in any dwellings pending its improvement (e.g. those in temporary accommodation provided under homelessness legislation). In considering whether suitable accommodation on reasonable terms is otherwise available, the local authority will need to look at the circumstances of the displaced person. This can include the person's financial circumstances. The council will need to have regard to its applicable re-housing policy.
124. Home loss and disturbance payments are payable to displaced residents under the Land Compensation Act 1973. In certain situations the council must make payments to those entitled. In other situations the council has discretion to make payments.
125. Qualifying residents who are permanently displaced as a consequence of the

carrying out of any improvement or of redevelopment on the land occupying properties as their only or main residence in Maydew house throughout the period of one year ending with the date of displacement ('qualifying period'), will be entitled to home loss payments. Discretionary payments may be made to those occupying properties as their only or main residence at the date of displacement but who have not done so throughout the 'qualifying period'. Persons occupying temporary accommodation under homelessness legislation are not eligible for home loss payments. Qualifying residents will also be eligible for disturbance payments following displacement.

126. As to home loss payments, the amount payable is fixed by law; in the case of owner occupier leaseholders it amounts to 10 per cent of the value of their property subject to a maximum threshold of £47,000 and a minimum threshold of £4,700. Non-resident leaseholders (i.e. investors) are entitled to a basic loss payment of 7.5% of the value subject to a maximum of £75,000. In any other case e.g. secure tenants a flat rate of £4,700 is applicable.
127. As to disturbance payments, these cover the reasonable expenses of a person entitled to payment in removing from the land from which he is displaced. The amount payable is not fixed and it is for the displacing authority to decide in the first instance what is reasonable although any dispute may be taken to the Lands Tribunal for determination.
128. The council may lawfully apply a policy of deducting rent arrears from home loss payments. It may also lawfully apply a policy of deducting council tax arrears where the council has obtained a liability order as long as it does not fetter its discretion in this regard; the report confirms that the authority will consider exceptional cases.
129. The council may lawfully apply a local lettings policy to tenants of Maydew House. Consultation with affected tenants is required. The report sets out the consultation proposed. The introduction of a local lettings policy is likely to require minor amendments to the council's scheme of allocation (lettings policy) to make reference to the existence of the local lettings scheme.
130. There are several statutory powers pursuant to which the council may acquire units in Maydew House:
 - Section 17 of the Housing Act 1985 ("the 1985 Act") empowers local authorities to acquire land, houses or other properties for the provision of housing accommodation;
 - Section 120 of the Local Government Act 1972 ("the 1972 Act") provides that as a principal council, the council may acquire by agreement any land for the purposes of any of the council's functions, or for the benefit, improvement or development of the area;
 - Section 227 of the Town and Country Planning Act 1990 ("the 1990 Act"), if the council thinks the acquisition will facilitate the carrying out of development, re-development or improvement in relation to the land (provided this is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the area) or the land is required for a purpose which it is necessary to achieve in the interests of the proper planning of the area.
131. Whilst the works to Maydew House are improvements, of these powers, it is considered that Section 17 is the most appropriate as this is the principal power to

purchase housing and land for the provision of housing accommodation.

Leaseholder & Home Ownership Implications

132. The option to carry out decent homes works and other improvements to Maydew House is unlikely to be financially viable for leaseholders. Indeed, the estimated apportioned cost to each affected leaseholder (£73-85,000 per leasehold property) would be enormous and highly likely to lead to non-payment of the service charges in respect to them, LVT hearings and court action at some considerable cost to the council in terms of time, staffing and monetary resources. The three resident leaseholders would have to be relocated temporarily and the terms of the relocation negotiated and agreed which would be contentious, time consuming and without guarantee of success. This would cause delay to works commencing and force the council to continue to provide an acceptable level of service to them under the specific covenants laid out in the lease. For the two non-resident leaseholders, compensation for loss of rental income and any penalties the leaseholder must pay to their tenant for ending a tenancy early if this is the case would need to be factored in.
133. The Bede has a licence of two flats at Maydew House, which are used for staff accommodation. The occupiers of these flats may be entitled to a home loss payment under section 29(2) of the Land Compensation Act 1973 if they have been in occupation for a year or more. If less than a year, the council has discretion under the Act to pay them an amount up to £4,700. Any legal interests would need to be bought out if the block is vacated..

Finance Director

134. The Finance Director notes the comments in the report and its recommendations. The report outlines the need to re-house residents from Maydew House, which will incur costs relating to leaseholder acquisition, home loss payments and disturbance payments. It is noted that a total budget provision of £2m is made within the Housing Investment programme for the period 2010-12 to fund these costs. It has been confirmed that the necessary expenditure can be contained within this budget and that there are sufficient resources available in the Housing Investment Programme overall to fund these costs, although there will be an impact on other HIP activities.
135. The Finance Director understands that this report does not itself make a recommendation on the long term future of Maydew House, but recommends this is considered as part of the council's current review of the decent homes investment strategy. However, the Finance Director notes that the £12m cost associated with the option of refurbishment to decent home standard is currently not budgeted within the Housing Investment Programme and, if implemented, will therefore reduce the £40m total funding available for decent homes works across the whole borough.
136. The Finance Director supports the recommendation to deduct any outstanding debt for rent arrears and any outstanding council tax where a liability order has been obtained. This is in accordance with best practice for sound financial management, and is in line with the Audit Commission's expectation for the council to make every endeavour to collect monies owed to it, thereby reducing the burden on other council tenants and council tax payers.

BACKGROUND PAPERS

Title	Held At	Contact
Resident Information Packs	Regeneration and Neighbourhoods Dept.	Darren Welsh 020 7525 1203
Schedule of Council tax and rent arrears (closed item)	Regeneration and Neighbourhoods Dept.	Darren Welsh 020 7525 1203

APPENDICES

No.	Title
A	Map of Maydew Site
B	Cost advice
C	Resident letters & e mails sent to the Deputy Leader & Cabinet Member for Housing Management regarding Maydew House

AUDIT TRAIL

Cabinet Member	Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Richard Rawes, Strategic Director of Regeneration and Neighbourhoods	
Report Author	Darren Welsh, Head of Housing Strategy & Options	
Version	Final	
Dated	12 July 2010	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES		
Officer Title	Comments Sought	Comments included
Strategic Director for Communities, Law & Governance	Yes	Yes
Strategic Director of Environment and Housing	Yes	Yes
Finance Director	Yes	Yes
Date final report sent to Constitutional Support Services		12 July 2010