

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 21 July 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Key Principles and Protocol for Developing New Council Homes in Partnership with Residents	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Mark Williams, Regeneration and New Homes and Councillor Richard Livingstone, Housing	

**FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES AND COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR HOUSING**

With the massive housing pressures facing our borough, Southwark Council is committed to providing as much genuinely affordable, good quality housing as possible to meet local needs.

In addition to investing in our existing council homes, Southwark has the most ambitious programme in the country to provide new council homes: building 11,000 by 2043, with the first 1,500 being delivered by 2018. Some of these new council homes will be built on existing space on our housing estates, some as new developments on other land the council owns, and some through purchasing new affordable properties directly from developers. All of these homes will be managed by the council and will be let at council rents.

There will also be opportunities to increase the amount of council housing through wider estate regeneration, either where the council identifies opportunities to increase the amount and quality of homes, or where we are approached by adjoining landowners who wish to develop their own site and seek to include our land as well.

We strongly believe our residents need as much clarity as possible on how such approaches will be considered by the council, and how residents will be involved. To that end this paper sets out a clear process that will be followed for schemes delivered in partnership with developers in the future.

This process also establishes our clear ‘red lines’ that must be met for any proposal to proceed to resident consultation and potential implementation. These red lines include schemes having a net increase of council homes; that any affected residents only having to move once (with the option of staying in their immediate area); a full package of assistance being given to leaseholders; and ensuring that local residents in housing need will benefit from these additional council homes.

**RECOMMENDATIONS**

That the cabinet:

1. Agree that the minimum guarantee to affected residents as set out in paragraphs 15 to 34 of this report be applied to redevelopment proposals brought forward to support the council’s commitment to build 11,000 new council homes and create communities that residents would be proud to live, work and play in.

2. Agree the updated package of housing options for affected residents, as outlined in paragraphs 35 to 38.

## **BACKGROUND INFORMATION**

3. In January 2014, Cabinet agreed the vision for a new housing strategy and plans for developing a new borough-wide housing strategy for Southwark. The vision emerged from the extensive community conversations on the future of council housing following publication of the independent Housing Commission's report.
4. On 27 January 2015, Cabinet agreed its new long term housing strategy for the borough, to 2043. This set out the overarching framework for increasing housing supply, transforming housing conditions in Southwark across all tenures, and responding to the borough's housing needs.
5. On 27 January 2015, Cabinet also agreed the initiation report for the Southwark Regeneration in Partnership Programme (SRPP). This report recognised that the Council's significant assets presents it with opportunities to work in partnership with developers and registered providers to achieve the best possible outcome for our residents and to enhance their long term value.
6. A new approach to community engagement was approved by the Cabinet in December 2012, in recognition of the need to take active measures to involve a diverse range of local people in council decision-making. Public engagement in the 11,000 new council homes programme, starting from August 2014, has been guided by this approach and has delivered high levels of resident feedback.
7. The first stage of consultation on the Charter of Principles (see Appendix 1) began on 15 August and ended on 13 October 2014 and generated over 2,000 responses. The Charter outlines the Council's commitments to residents across a number of key areas which are directly relevant to the protocol for new developments, namely:
  - Pledge 1: How the Council will work with residents on developing the principles for housing investment and renewal on estates.
  - Pledge 2: How the Council will work with residents on development of new homes on their estate.
  - Pledge 3: How the Council will involve residents in ensuring that the new homes are of high quality.
  - Pledge 4: How the Council will give residents a say on how the new homes are managed.
  - Pledge 5: How the council will demand high standards for the quality and affordability of new homes.
  - Pledge 6: What the council will do if residents are affected by redevelopment.
8. Both the Approach to Community Engagement and the Charter of Principles will guide resident engagement in new developments.

## **KEY ISSUES FOR CONSIDERATION**

9. Despite an unprecedented investment in making every council home warm, dry and safe, there remains a legacy of poorly designed and built housing that limit the social and economic potential of their surrounding area and the life chances of their residents.

10. There will be adjacent opportunities such as neighbouring developments or wider area regeneration present the prospect of leveraging in private sector investment to secure better outcomes for these local communities, including a net increase in council homes.
11. The council's asset management strategy, which reflects the council's strategic ambition to ensure its homes are fit for the twenty first century, should therefore include the consideration of all proposals that would enable sustainable solutions to meet residents' needs and expectations.
12. This report sets out a protocol rooted in the council's ambition to not only build new homes but give people genuine choice and influence. However, with that influence comes responsibility and the need to make difficult choices about investing in the future and creating better places for people. As such this report recommends a 3-step process for the consideration of regeneration opportunities that will deliver transparent and accountable decision making through meaningful consultation and engagement with affected residents.
13. Also submitted on this Cabinet Agenda is a progress update on the Council's housing investment plans that sets out the council's work on establishing an asset management plan and the council's future housing investment plans. The report will affirm the council's commitment to invest in its high investment need estates and to consider redevelopment as a last resort. This report, however, is not about the regeneration of high investment need estates but rather the opportunities to increase the supply of council homes and create sustainable communities. While the scale of proposed redevelopment will vary, it is important that the rigour of decision making and resident engagement be consistent.
14. This report also proposes an updated package of housing options that will help ensure that regeneration outcomes include positive gains for the affected residents – e.g. keeping communities intact by enabling a single moves to new council homes within the development area, providing local opportunities for homeownership for leaseholders and aspiring tenants and giving residents that want to leave the area the best opportunity to do so.

## **PRINCIPLES AND PROTOCOL FOR COMMUNITY ENGAGEMENT**

15. Key to the consideration of development proposals is the full engagement of residents in the design and delivery. The feasibility of all proposals will be fully established before residents are approached to ensure that they are not put through what can be a stressful process over proposals that are not feasible.
16. As such the following steps are proposed:

### **STEP 1: Establish Feasibility**

17. A development proposal will only be brought forward for consideration once a full feasibility, diligence on planning and site and a financial appraisal have been undertaken so that residents are consulted on proposals that are technically and financially viable.
18. Prior to proceeding to engagement with residents, a cross-council panel of relevant officers will have met to establish the feasibility of sites, on the basis of:

- Local Benefit – that there must be clear local benefits such as new community spaces, social investment, addressing local housing need such as overcrowding, providing jobs for local residents so that it becomes a better place for Southwark residents to live.
  - Limited Disruption – the single most cited complaint about estate regeneration schemes is that decant policies dismantle communities. The build programme and local lettings policy will enable single local moves with minimum disruption.
  - Net housing gain – the number of new council homes delivered as a result of the schemes will exceed the numbers demolished – providing sufficient numbers to enable rehousing need and additional units to meet the borough’s housing need.
  - Cost benefit – the net costs to the Council will have to be significantly less than it would have incurred through a typical investment, regeneration or council build option. This would also mean less cost burden on the Housing Investment Programme. The impact on the HRA will be set out at this stage.
  - Impact on leaseholders – the financial impact on leaseholders will be limited or can be mitigated through the rehousing package. This will include taking into account the impact of market values and Section 20 recharges.
19. The outcome of the assessment will be reported back to the Housing Development Programme Board (HDPB) to decide on whether to make recommendations to both the cabinet members for Regeneration & New Homes and Housing to proceed to resident engagement or decline the proposal. This will be the first decision.

## **STEP 2: Resident Engagement**

20. Experience from previous regeneration schemes is that residents prefer 1-2-1 meetings (such as drop in sessions or home visits) as they primarily want to discuss their particular circumstances and the impact on where they live. Fuller involvement is more effective through a small group of resident representatives and public events are better as small focus group sessions than large meetings. Residents have also expressed preferences for newsletters and webpages as a means of updating them.
21. As such the proposed engagement process employs 3 main formats through the various stages:
- Inform: using written communication to impart information to stakeholders
  - Consult: getting stakeholders’ views through drop in sessions or small focus group sessions
  - Engage: working with stakeholder groups on the finer details of the proposals.
22. The proposed engagement stages (as shown in Table 1) are aligned with the Charter of Principles and the Approach to Community Engagement and the process will be overseen by Head of Community Engagement.

**Table 1: Resident Engagement Process**

<b>Approach</b>	<ul style="list-style-type: none"> <li>•Inform – inform TRA of the opportunity and policy, and set up engagement arrangements (e.g. project subgroup or RSG)</li> <li>•Inform – write to residents advising of the opportunity and policy</li> </ul>
<b>Consider</b>	<ul style="list-style-type: none"> <li>•Engage – consider proposal with residents representatives</li> <li>•Consult – establish drop in sessions for residents/general public</li> <li>•Inform – update residents through letters/newsletters</li> </ul>
<b>Decide</b>	<ul style="list-style-type: none"> <li>•Inform – write to residents about decision and their options</li> <li>•Inform – write to general public about decision and its impact on them</li> <li>•Consult – invite residents to drop in sessions to discuss their options</li> <li>•Engage – set up delivery plan with resident representatives</li> </ul>
<b>Implement</b>	<ul style="list-style-type: none"> <li>•Engage – hold regular steering meetings with resident representatives</li> <li>•Consult – establish website to update residents and general public on scheme/design proposals</li> <li>•Consult – hold rehousing drop in sessions for residents</li> <li>•Consult – hold planning proposal focus group sessions for residents and public</li> <li>•Inform – update residents by letters/newsletters and website</li> </ul>

### **Approach**

23. Once approval to start consultation is given, Resident Engagement and Regeneration officers will inform the affected Tenant and Resident Association (TRA) of the development proposal. Where there is no TRA, they will write to residents individually. In either case, residents will be invited to establish a Residents Steering Group (RSG).
24. The aim of the initial approach is to inform residents of the opportunity and to set up a structure for continued representative and meaningful engagement with residents. The terms of reference for the RSG will be as established on previous estate regeneration schemes. A draft template is attached as Appendix 2.

### **Consider**

25. Once the structure is in place, officers with the RSG will establish and implement a compliant consultation plan. Also, if residents require it, the RSG and the Council will appointment an Independent Resident Advisor to advise the individual residents and the RSG.
26. The objectives of the initial consultation are as follows:
  - a) to discuss and get feedback on the proposals and outcome of the feasibility assessment
  - b) to refine the feasibility assessment with the RSG based on additional requirements, opportunities or constraints that are identified through the consultation process

- c) to clearly establish a true representation of residents' position (for or against) on the proposal
  - d) to enable assessment of the impact of the proposals on the community.
27. At the conclusion of the initial consultation, a consultation report that will include a community impact assessment will be presented to the HDPB and approval sought to either advise the developer to progress the proposal to a viable scheme or reject the proposal. This will be the second decision gateway.

### **Decide**

28. The responsibility for making the decision to progress with the proposals will be for the Council's Cabinet. Where the decision is taken to progress the proposal, Resident Engagement and Regeneration officers will write to all affected residents explaining the rationale for the decision and the implementation of the consultation on housing options.
29. The housing options consultation will be done through regular one-to-one drop in sessions for both tenants and leaseholders. These will be delivered by officers from Housing Management, Housing Options, Specialist Housing and Property. The objective will be to establish residents' housing need and preferences. The information gathered will also inform a further assessment of community impact and the scheme development process.
30. Also at this point, an implementation session will be held with the RSG at which they will meet the developer and their design team.

### **Implement**

31. The implementation stage will run from scheme development to occupation. It will be led by Resident Engagement and Regeneration officers. The objective is to have continued and meaningful engagement with residents through the delivery.
32. At occupation, an impact assessment will be undertaken with the RSG and presented to the HDPB. The RSG will then be disbanded or repurposed as a TRA or TRA sub-group.

### **STEP 3: Scheme Development**

33. If approval is given to proceed to scheme development, officers with steer from the RSG will work with the developer to bring forward a viable scheme to the HDPB. For proposals where the decision would impact 25 or less council tenants and leaseholders, this will be the final decision gateway before it is put forward to the Cabinet Member for Regeneration and New Homes for approval.
34. Where the proposal would affect more than 25 tenants and leaseholders, the decision to proceed will be made by Cabinet.

## Housing options for local people

35. Pledge 6 of the Charter of Principles for the New Homes programme established the following housing options for residents affected by redevelopment of their estate:
- a) We will ensure that leaseholders and homeowners affected by redevelopment get access to dedicated advice, support and information on their options for the future. This will include, where it is necessary, offering the full range of options for rehousing including shared ownership and shared equity, and any loss, compensation or disturbance payments residents may be entitled to.
  - b) The programme aims to benefit local people, and any tenant or leaseholder wanting to stay in an area where development takes place will be offered options to do so.
  - c) We want to make most effective use of the new stock to make sure it is let fairly and in a way that deals with any specific local issues and concerns, and contributes to sustainable and mixed communities. We will work with residents to give them a say on lettings so that, for example, we make provision for those freeing up under-occupied properties, and to ensure that lettings take account of local circumstances.
  - d) Where tenants of the new homes want to move they will have the same rights to transfer and exchange their homes as any other Southwark tenant.
  - e) In addition to those that need to be rehoused in the new council homes for the development to take place, at least half of the remaining new council homes we develop will be available to other tenants in housing need on the estate at the first letting to make sure that local residents affected by redevelopment get a fair deal.
36. It is proposed that these housing options be expanded to ensure that:
- a) If the development proceeds replacement council homes will be built within the development area footprint or nearby sites prior to the start of rehousing to enable single moves for those residents that choose to remain. These homes will be let at target rent.
  - b) Residents that opt to move outside of the development area will be given the full range of options available to residents being rehoused because of regeneration with the exception of the option to return as they will have had the opportunity to move to replacement homes. The current package includes:
    - a. Leaseholder rehousing assistance package
    - b. Band 1 status for tenants and eligible leaseholders
    - c. Home loss and disturbance payments.
  - c) 100% of the replacement council homes are made available to rehouse all of the affected tenants and leaseholders that wish to remain. Fifty per cent of the additional units created will be available to other estate residents.

- d) Affected leaseholders that opt to remain will be rehoused in the new replacement homes on a shared equity basis.
  - e) Eligible affected tenants are prioritised for any shared ownership units developed through the proposal.
37. It is proposed that these housing options form a uniform package that is available to all affected residents and the cost/benefit of its delivery should form part of the viability assessment of development proposals.
38. The benefits of the proposed approach include:
- a) increased numbers of council homes – the social rented units built through the scheme will be new council homes that will count towards the 11,000 homes target. Residents will benefit from new well designed energy efficient council homes that meet their housing need.
  - b) Limited Disruption – the single most cited complaint about estate regeneration schemes is that decant policies dismantle communities. However, requiring that replacement council homes be built first and instituting a local lettings policy that enables single local moves would minimise the disruption and keep communities intact. Also, moves could be phased to keep family and friends together.
  - c) Better rehousing options – the second most cited complaint is the loss of council tenancy and disenfranchisement of leaseholders. The rehousing package would offer a shared equity package for leaseholders within the new development as one option available to them, including shared equity packages from either the council or development partner elsewhere.
  - d) For tenants, the rehousing package would offer new council tenancies on similar terms whilst allowing those residents that want to leave the area the best opportunity to do so by giving tenants Band 1 rehousing priority.
  - e) Regardless of their rehousing choice, residents will only have to make one move and residents who decide to stay will only move when new accommodation is ready for occupation.
  - f) Resident Support – the schemes would not proceed without sufficient and meaningful resident consultation and engagement. (see below).

### **Financial implications**

39. It is proposed that any feasibility, consultation and scheme development costs incurred by the council be funded via the Housing Investment Programme. and the authority to proceed from the HDPB will be sought from the Housing Investment Board.
40. It is anticipated that the developer will fund the bulk of the scheme development, but the council may need to incur legal and financial assessment cost to ensure the council's interests are protected.
41. The impact of the proposals on the HRA will be considered as part of the feasibility assessment.



42. This is a key decision as the council could incur an expenditure of £500,000 or more in considering potential proposals and the outcome of the investigations could have significant impact of the affected communities and in more than one ward.

### **Policy implications**

43. The proposed protocol is shaped by the promises and commitments made in the Council Plan, such as building more quality affordable homes of every kind and revitalising our neighbourhoods making them places in which we can all be proud to live and work.
44. The development plan for the borough consists of the Mayor's London Plan, the Core Strategy 2011, the Southwark Plan policies, the Aylesbury Area Action Plan, the Peckham and Nunhead Area Action Plan and a revised Canada Water Area Action Plan.
45. The New Southwark Plan is being prepared in consultation with residents, land owners, developers, employers, local organisations and other groups over the next two to three years, having commenced in October 2014. This New Southwark Plan will set out the strategy to bring the full benefits and opportunities of regeneration to all Southwark's residents.
46. The procurement process for the feasibility assessments and development partnership arrangement will comply with the Council's Contract Standing Orders.

### **Community impact statement**

47. The Future Steering Board has been consulted and their comments have been addressed into this report.
48. The proposed resident engagement approach will enable the capture of community priorities, issues and needs, in particular groups displaced or impacted by the development proposal.
49. Officers will conduct impact assessments at key decisions to ensure that there is no disproportionate or discriminatory impact, particularly on groups with protected characteristics.
50. Under the Equality Act 2010's Public Sector Equality Duty (PSED), as a public body we must have due regard to the need to:
- 1) Eliminate unlawful discrimination, harassment and victimisation
  - 2) Advance equality of opportunity between different groups
  - 3) Foster good relations between different group.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

51. The report confirms that consultation will be carried out with those affected. To meet legal requirements consultation must be undertaken when proposals are still at a formative stage; it must include sufficient information to allow interested parties the opportunity to consider the proposal and formulate a response; allow

adequate time for interested parties to consider proposals and formulate their response and the outcome of consultation must be conscientiously taken into account when the decision is taken. Depending on the development of proposals it may be appropriate to carry out consultation in stages and to engage in different ways at different stages; it should therefore be made clear to those being consulted the stage the proposals are at.

52. The report further sets out in broad terms housing options aspirations for affected residents. Detailed housing options for residents who may be displaced as a result of future regeneration will depend on the redevelopment schemes proceeded with and will need to be framed to meet legal requirements. Consultation on the detailed options will need to be carried out with likely to be affected. A decision on the final proposals will need to be made in accordance with the council's constitutional decision making processes.
53. Throughout the development of proposals, the council must give active consideration to the public sector Equality Duty, in section 149 of the Equality Act 2010 which requires the council to consider all individuals when carrying out their functions. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. Officers will need to keep the duty in mind during the consultation process and when formulating recommendations final decision making;. The report confirms that equality impact assessments will be carried out throughout the process.
54. Officers in the regeneration team will be able to seek legal advice on property, housing and other legal issues from the Director of Legal Services and her team as appropriate as plans develop.

#### **Strategic Director of Finance and Corporate Services**

55. Feasibility and consultation costs will be charged directly to a revenue cost code. These costs will only be charged to the Housing Investment Programme when approval to proceed is given by cabinet via the Housing Investment Board.
56. A further report will be submitted to cabinet for approval when the cost of the proposed housing options shown in paragraph 35 to 38 is calculated.
57. It is anticipated that the developer will fund the bulk of the scheme development. Any new development will need to be considered scheme by scheme to ensure minimal impact to the council as whole and the Housing Revenue Account in particular.
58. Any staff cost resulting from these recommendations will be contained with the existing revenue budget.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Regeneration in Partnership Programme	Chief Executive's Department, Regeneration, Southwark Council 160 Tooley Street London SE1 2QH	Diana Hall 020 7525 7724
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/documents/g4864/Public%20reports%20pack%20Tuesday%2018-Nov-2014%2016.00%20Cabinet.pdf?T=10">http://moderngov.southwark.gov.uk/documents/g4864/Public%20reports%20pack%20Tuesday%2018-Nov-2014%2016.00%20Cabinet.pdf?T=10</a>		
Approach to Community Engagement	Housing & Community Services, Community Engagement, Southwark Council 160 Tooley Street London SE1 2QH	Jessica Leech 020 7525 5853
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/documents/g4249/Public%20reports%20pack%20Tuesday%2011-Dec-2012%2016.00%20Cabinet.pdf?T=10">http://moderngov.southwark.gov.uk/documents/g4249/Public%20reports%20pack%20Tuesday%2011-Dec-2012%2016.00%20Cabinet.pdf?T=10</a>		
Update on Consultation and Plans for the Delivery of 11,000 New Homes	Housing & Community Services, Community Engagement, Southwark Council 160 Tooley Street London SE1 2QH	Jessica Leech 020 7525 5853
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4864&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4864&amp;Ver=4</a>		

## APPENDICES

No	Title
Appendix 1	Charter of Principles
Appendix 2	Draft Resident Steering Group Terms of Reference

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Mark Williams, Regeneration and New Homes and Councillor Richard Livingstone, Housing	
<b>Lead Officer</b>	Stephen Platts, Director of Regeneration and Stephen Douglas, Head of Community Engagement	
<b>Report Author</b>	Nnenna Urum-Eke, Housing Regeneration Programme Manager	
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<b>Dated</b>	9 July 2015	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to constitutional team</b>	9 July 2015	