

Cabinet

18 APRIL 2011

LEADER

Councillor Stephen Greenhalgh

CABINET MEMBER FOR HOUSING

Councillor Lucy Ivimy

CONTRIBUTORS

DFCS
ADLDS

<p>HAS A PEIA BEEN COMPLETED? YES</p>

HOUSING ESTATES INVESTMENT PLAN

A policy framework to establish improvement and investment strategies for housing estates in the borough and the Council's housing stock in general.

Wards

All

Recommendations:

That Cabinet:

- (i) notes independent research into methods of area-based improvement (both physical and social), investment and the evaluation of what works.
- (ii) notes the proposed policy framework for area-based improvement in Hammersmith and Fulham
- (iii) gives formal approval for officers to undertake statutory consultation with all Council tenants along the lines set out in para 3.6 on:
 - the policy approach of area-based improvement
 - the various methods to effect improvement
 - the assessment process and selection criteria for deciding where to channel area-based support
- (iv) notes the investment needs of the Council's housing stock

- (v) approves the asset management based approach to investment, including the new thresholds and criteria for limited HRA void disposals as set out in section 9.**
- (vi) delegates the authority to dispose of properties meeting the asset-based criteria to the Cabinet Member for Housing in consultation with the Director of Housing and Regeneration, the Director of Finance and Corporate Services and the Assistant Director (Legal and Democratic Services).**
- vii) delegates authority to the Director of Housing and Regeneration to undertake works to properties being disposed of where there is a net cost benefit, e.g. an increase in the sale receipt and also to incur valuation and professional costs, these costs to be recovered from the sale receipt**
- viii) agrees that useable receipts generated from asset-based disposals will be put to the uses set out in section 10.**
- ix) agrees to a review of the policy of asset-based disposals, including the disposal threshold figures, after the first year of operation, and annually thereafter**

1. INTRODUCTION

- 1.1 The Council is committed to improving the lives of residents across the borough, and to make neighbourhoods and housing estates in the borough attractive places with good reputations where people want to live, both now and in the future.
- 1.2 The Council recognises that in some parts of the borough there are lower levels of satisfaction with the local area and public services, problems with crime and anti social behaviour and where there are worse outcomes for some residents and their families, with, for instance, poorer health, poorer educational outcomes, higher levels of overcrowding, unemployment, and lower than average incomes.
- 1.3 The Council, H&F Homes and other public services recognise that there needs to be a better response to the residents living in these areas. In particular, the Council and its partners have made it a priority in the borough's Community Strategy 2007-14 to:
- reduce dependency on benefit, increasing skills levels and raising employment rates
 - achieve more balanced tenure at a neighbourhood level and promote home ownership and housing opportunities
 - tackle crime and anti-social behaviour
 - raise the educational attainment of local children
 - promote healthier lifestyles and a healthier environment
 - deliver high quality value for money public services
 - promote a cleaner, greener, borough.

The Council will therefore work with partners on a neighbourhood-level to achieve these goals.

- 1.4 Methods for improving neighbourhoods are numerous. Where it is appropriate and viable comprehensive regeneration, involving demolition and rebuilding, is being taken forward. However, for most neighbourhoods in the borough comprehensive regeneration is not an appropriate solution. Achieving positive change will require alternative approaches. This document sets out the framework and methods for achieving positive change for these areas.
- 1.5 The Council is also aware in the light of housing finance reform that funding is needed for ongoing investment in its housing stock as well as related capital regeneration activities as the funding sources currently in place are not likely to meet the funding requirements in either the short or the long term. To that end, sections 8-10 of this document sets out

revisions to the Council's current limited voids disposals policy to raise additional funding.

2. INDEPENDENT RESEARCH ON AREA-BASED IMPROVEMENTS

- 2.1 There is a body of independent research to guide the Council on what methods work best to improve neighbourhoods. A major study on this topic is the seven volume 2010 evaluation led by Sheffield Hallam University of the recently concluded New Deal for Communities (NDC) programme.
- 2.2 The NDC programme was tasked with transforming 39 deprived neighbourhoods, each accommodating on average 9,900 people, over a ten year period, to close the gap between these 39 areas and the rest of the country at the level of place (in relation to crime, the community and housing and the physical environment) and in people's lives, (specifically in terms of health, education, and employment). Ten partnerships were in London, including one in Fulham. It is regarded as one of the most innovative and intensive to have been undertaken in England.
- 2.3 Methods of place-based improvements used included new community facilities, new build housing often for sale, intensive housing and neighbourhood management, cleanliness drives, changes to design out crime, and enhanced policing and neighbourhood warden schemes.
- 2.4 These methods achieved significant improvements. There were increases in area satisfaction and reductions in crime when compared with performance over the same period nationally and locally as well as with other areas of a similar socio-economic profile. Area satisfaction, for example, in Salford increased by 25%. In Haringey NDC, the number of residents feeling unsafe after dark shrank by almost a third. Area popularity also increased, (taking property prices as a crude measure of demand), with percentage increases in value exceeding both those in the wider locality and comparator areas. Increased ratings in area satisfaction were particularly sharp in areas where satisfaction ratings had been previously amongst the lowest.
- 2.5 Changes to housing and the physical environment, as the most visible transitions in an area, had a decisive part to play in the significant increases in area satisfaction. Areas which invested more on housing and the physical environment also had more positive outcomes on crime and worklessness. According to the researchers, given the beneficial effects are experienced right through the resident population, improvements through this method deliver quick results for everyone.

- 2.6 People-based support was myriad including schemes to help people into work suffering from mental illness, programmes to tackle child obesity, and health and well-being services to vulnerable people such as drug and alcohol users and winter warmth for low income households.
- 2.7 People-based changes were harder to effect, with only some improvements in health, and no net change in educational attainment or tackling worklessness. Unlike place-related change, interventions on jobs, health and education impacted on fewer people, with the immediate advantages accruing to the individual beneficiaries rather than the area as a whole. Short- to medium-term improvements in these parts of people's lives proved hard to effect. Despite the relative lack of success, the studies argue that the methods are still valuable as interventions can move participants in a desired trajectory, though the ultimate outcome could take many years to become apparent.
- 2.8 Diversifying tenure where there are high concentrations of social rented housing by building or setting aside homes for sale also assisted with people-based change, as owner-occupiers tended to be working, healthier and better qualified. This method had a diluting effect, reducing the scale of people-based challenges for an area. For existing residents with low outcomes on health, education, or jobs, there were no observable benefits on these indicators using this method, whether in evaluations using the NDC data or reviews of mixed tenure programmes in other parts of the country.
- 2.9 Where tenure diversity has been a success has been at the level of place. Significant links were found between tenure mix and positive change. Increases in area satisfaction and popularity, flourishing, better managed estates, and reductions in crime and ASB are partly attributable to this method. Success depended on selling to owner-occupiers. Places improved, according to the researchers with the arrival of residents with a strong interest in driving up estate management standards and articulate and adept at challenging poor performance. The spatial distribution of tenure mix was also a factor. Where tenure mix is segregated with owner-occupiers living in separate buildings to renters, the place-based gains were also likely to be more circumscribed. Integrated tenure mix, for example pepperpotting, distributed the gains more widely. Positive place-based outcomes related to mixing tenure have also been found in other programmes. The Joseph Rowntree Foundation's policy between 1998-2002 of selling 50% of vacant dwellings on one of its estates in York is frequently cited in this respect.
- 2.10 Challenges noted with this method were the affordability of home ownership for local residents, unplanned housing management pressures from serving a new highly organised resident body, and the need for

neighbourhood governance arrangements in relation to running multi-tenure and multi-landlord estates. Another challenge with this method is that landlords tended to favour segregated tenure mix. Income mix could also be affected: where there was low cost homeownership aimed at middle to low income groups, high housing costs meant new occupants having disposable incomes not much higher than those on welfare benefits; sales where a no buy-to-let clause had not been imposed were also shown to draw in housing benefit dependent private tenants.

- 2.11 In relation to methods of service involvement, better results were noted with agencies with a spatial remit or those already operating at a neighbourhood level, notably the police, than those agencies whose brief it is to work with individuals or households. The relatively small size of neighbourhoods could also be a hindering factor for key public agencies operating across a wide catchment on health, education and jobs as could the need for services such as schools and health to meet national targets rather than the priorities of any one neighbourhood. Successful NDC projects that raised educational attainment were those that worked with pupils and families, rather than taking a schools-based approach. Bringing services on site to people's doorstep is also noted as an effective element in the service delivery model.
- 2.12 In terms of programme design, the research advocates an evidence-based localised approach with plausible goals and with geographic boundaries wherever possible approximating those of the key delivery agencies. A common template for all areas is unlikely to be appropriate. A further lesson is to sequence interventions rather than pressing ahead on all fronts from the outset. The researchers found that place-related indicators showed considerable movement in the first two years with a slow down in the rate of change thereafter. On the other hand to embed strategies to improve people-related outcomes could take 5 or 6 years and a further period beyond that to achieve outcomes.
- 2.13 In summary, independent research indicates that proactive intervention into neighbourhoods can have positive and lasting effects, particularly in relation to place-based gains. In addition, methods such as tenure and income mix can achieve both place- and people-based improvements, though in terms of the latter there is no evidence of a direct benefit for existing residents so neighbourhood working would also require a sustained and intensive co-ordinated and collaborative response from services to raise socio-economic outcomes.

3. RATIONALE FOR AREA-BASED INVESTMENT AND IMPROVEMENT IN h&F

- 3.1 Improving neighbourhoods in the ways evaluated by the independent research would assist the Council and its partners in meeting the goals of the borough's Community Strategy 2007-14. The aim would be to invest resources and energies in those areas and housing estates suffering disproportionately and where there is an evidenced need for additional support.
- 3.2 The assessment and selection process is detailed in Appendix 1. In broad terms, priority for assistance would be given to neighbourhoods evidenced as having:
- high levels of unemployment and benefit dependency, low incomes and debt
 - high levels of overcrowding and housing need
 - low educational attainment
 - high incidences of crime and ASB
 - high proportion of lets to first-time tenants and a high incidence of arrears and other tenancy breaches
 - poor health outcomes
 - low levels of home ownership
 - high reliance on statutory and acute services
 - low resident satisfaction with services and the area
 - low area popularity
- 3.3 A factor affecting selection at the outset of the policy will be the size of the neighbourhood in the sense that the Council will seek to move by degrees and prefer to test and refine models by beginning work on smaller neighbourhoods first, as opposed to the largest.
- 3.4 The case for selection will also be considered as and when it arises for those neighbourhoods attracting resources and a programme of activities outside the frame of this policy, providing there are sound business reasons and the evidence shows Community Strategy goals would be furthered by designating these as Action Areas for Improvement so as to implement measures such as those described in 4 below.
- 3.5 Decisions on which areas to bring forward as Action Areas for Improvement would be evidence-based. Wide-ranging profile data will be used to inform decision making in this regard. Action Plans will require Cabinet approval.

- 3.6 Statutory consultation with all the borough's Council tenants on the policy framework will be conducted, including consultation on the selection and assessment process and the various potential improvement methods. Consultation will take place through the Borough Forum. This will be supplemented by consultation through tenant newsletters and other consultative forms to ensure all tenants have the opportunity and the time to learn about the proposals and air their views. Once a neighbourhood has been selected, the detailed action plan for that neighbourhood will be consulted on with local residents in the respective neighbourhood.

4. TOOLS FOR AREA-BASED IMPROVEMENT

- 4.1 Tools for improvement which the Council and its partners may combine on a given neighbourhood would be bespoke to respond flexibly and effectively to what support and assistance is required. The following is a sample of methods, some validated by the independent research, but by no means exhaustive that may be potentially used:

i. – Physical and Environmental improvements

Such improvements can take a range of forms. These might include installing more advanced CCTV, improved landscaping, refurbishing or providing new community buildings, providing new housing for sale, extensions and conversions to relieve overcrowding, removing physical barriers that enclose and segregate neighbourhoods from surrounding streets, and changing the layout to deter crime and anti-social behaviour.

ii. - Local Lettings Plans

Local Lettings Plans allow more control over allocations in particular areas with higher levels of economic and social problems. They can be used, for example, to set aside rented properties for working households if thought beneficial to improve an area's income mix, or as shown by the research a neighbourhood's standing on people-based indicators such as health, or can be used to prioritise allocations to tenants with proven household skills where there is a high incidence of tenancy breakdown.

Neighbourhood-based outreach for places marked by a high incidence of overcrowding and housing need could be developed to complement this method.

iii. – Improving tenure diversity

As indicated in the independent research mixing tenure has been shown to have positive impacts for neighbourhoods, improving resident satisfaction and area popularity, with fewer reported crimes and incidents of ASB. Therefore, in neighbourhoods with low levels of owner-occupation the Council would look to promote a tenure balance approaching the borough average, though remaining in proportion to other improvement

goals and consistent with discharging the Council's main housing duties. A number of properties either newly built or within the existing Council housing stock would be ringfenced for sale to households on low incomes who have an aspiration to move into home ownership. They would be sold on a shared ownership basis maybe via a housing association (Registered provider) making them affordable. Preference would be given to residents already living in the neighbourhood and those on the housing list with a recognised housing need, and thereafter to residents or those who work in the borough registered on the Council's Home Buy register.

iii.a Disposing to a housing association would have the advantage of residents being able to draw on the considerable experience and specialist expertise housing associations have acquired over many years of constructing, marketing and administering shared ownership accommodation. The Council currently does not hold this expertise in-house and would need to find the finances to staff and develop such a capacity or pay significant agency fees if a housing association were to be appointed to provide this service on the Council's behalf. Housing associations also potentially have access to capital funding from the Homes and Community Agency unavailable to the local authority which can be put to refurbishing properties up to a high standard so as to attract buyers who may not otherwise have chosen to purchase in less popular neighbourhoods.

iii. b Disposing units to a housing association also has a number of direct financial advantages for the Council:

- The full value of the dwelling is passed to the Council immediately. In contrast if the Council sells directly to a shared-owner the receipts would be limited to the proportion sold which is frequently only 25% (to ensure affordability). Shared-owners would be under no obligation either at the outset or in the future to buy the unsold share, whether in whole or in part.
- The receipt would not count as a right to buy receipt and if the correct procedures were followed would not be caught by pooling, ensuring the retention of the full receipt by the council.
- Properties could be sold in packages with the sales and marketing risks, (especially significant if pepper potted) including the cost of refurbishment for sale, transferred to the Registered Provider, who would also bear future stair-casing, arrears and repossession risks.

iii.c Having properties under different management within a block does present a management risk, especially on issues such as antisocial behaviour, sub-letting and leaks.

iv. – Coordinated Housing Management Services and Collaborative Neighbourhood Focussed Services

Neighbourhood and Housing Management Services must be delivered effectively as they have a significant impact on all residents. Poor landlord services are unacceptable and can have a negative effect on residents' day to day lives. It is essential that tenancy management issues are addressed at the first point of call and rent management is maintained and controlled. To maintain effective and efficient services and provide assistance to residents when the need is identified, the Council could introduce as part of area improvements, and in partnership with social landlords, a Coordinated Housing Management Service.

A model for this service would be a Neighbourhood Team where the style of management would shift from a transactional approach to a more relationship based service. Officer objectives would be to develop relationships with residents and community groups, offering a generic service able to respond proactively to situations. The co-ordinated Housing Management Service would enable pooling of resources, knowledge and expertise from a cross section of professionals rather than organisations working in isolation which in turn will avoid duplication and provide value for money. The service should ensure residents receive a tailored person centred package of support, which meets their needs, promotes preventative solutions, assists households to be self reliant, lessening dependence on crisis-based or acute services.

v. - Employment and training

Maximising employment and skills training opportunities is a critical strand of any improvement programme. The aim would be to offer results-driven services which carefully consider the different starting points for residents in their journey off welfare benefits and into work.

The NDC research indicates that improvements in this area can take a long time. A programme including the following could be devised to achieve sustained outcomes:

- practical employment support workshops based on estates and pitched at the level of the residents e.g. people furthest from the labour market or lone parents
- flexible and immediate unpaid work experience places with local employers including key large employers such as the council
- short courses or training programmes targeted at filling current vacancies, particularly industry specific offers, e.g. food hygiene training for restaurant or hospitality work
- apprenticeship and traineeship opportunities aimed at young people including NEETs (i.e. young people not in education, employment or training) and others without formal qualifications
- integrated debt and financial advice/support

- community outreach work with schools, community groups, etc. to update residents on job opportunities coming up locally and training needs
- co-ordinated access to supplementary services, e.g. ESOL, childcare availability.

vi. - **Resident involvement**

Resident involvement is crucial to improving neighbourhoods. All improvement programmes will include consultation with local residents in programme design. The Council and its partners will support those living in designated neighbourhoods to take wherever possible an active part in shaping and delivering improvement for their own areas.

5. MEASURING AREA-BASED SUCCESS

5.1 The key areas for improvements, in accordance with Community Strategy priorities, in terms of evaluating success and monitoring progress for report back to Cabinet, are:

- Increase in and take up of training and employment opportunities
- Increase in satisfaction with services and neighbourhood
- Increase in educational attainment levels for children living in the neighbourhood
- Improvements in health outcomes
- Improvements in standards of caretaking and housing management
- More balanced tenure and income mixes at a neighbourhood level
- Reduced incidence of overcrowding and housing need
- Increased popularity of estates reflected in increased home ownership, fewer transfer requests, and more tenants seeking transfers to the area
- Reductions in fear and incidents of crime and anti-social behaviour
- Reductions in use of crisis and acute service and better take up of prevention and information services

5.2 Regular monitoring of the strategy in the round in terms of progress against desired outcomes will be undertaken through the Director of Housing and Regeneration. This will include ensuring the policy is working fairly and lawfully across the borough and its estates.

6. FUNDING FOR AREA-BASED IMPROVEMENTS

6. 1 The Council will aim wherever possible to deliver improvements without incurring additional revenue costs. The approach will mean existing

resources already spent on estates being more co-ordinated across agencies and services in the borough. It is expected that improved value for money would result from the co-ordination of services.

- 6.2 Capital works may incur additional expenditure. Appropriate Member approval will be required for all new expenditure.
- 6.3 It is envisaged that any receipts from sales of properties (via housing associations) to low income households as part of the drive to increase home ownership opportunities will be placed into the decent neighbourhoods pot.

7. THE INVESTMENT REQUIREMENTS OF THE COUNCIL'S HOUSING STOCK

7.1 The Council currently has a portfolio of 12,945 rented dwellings in its Housing Revenue Account (HRA):

HRA Tenanted Stock Summary

	Bed size							Grand Total
	0	1	2	3	4	5	6	
Houses	0	2	183	582	493	58	8	1,326
Low rise (1-2 storey) flats	49	604	251	69	7	2	1	983
Medium rise (3-5 storey) flats	348	2,879	2,580	1,581	290	24	4	7,706
High rise (6 or more storey) flats	230	1,080	1,303	287	21			2,921
Bungalows		5	3	1				9
	627	4,570	4,320	2,520	811	84	13	12,945

7.2 Over the past 5 years, the housing stock has benefited from a £213m investment via the Decent Homes Programme. In addition to the proposed area based improvements strategy and regeneration projects a capital maintenance investment strategy is in place to maintain and build on the benefits of the Decent Homes programme to:

- Protect the investment in decent homes.
- Protect the HRA balance by ensuring our reactive maintenance costs do not escalate.
- Ensure the properties remain fit for purpose
- Maintain current resident satisfaction levels

7.3 A stock condition survey, commissioned in 2009 estimated an annual capitalisable maintenance requirement of approximately £29m per annum over the next 10 years with an investment of £43m required in 2011/12.

8. OVERVIEW OF THE CURRENT HRA LIMITED VOIDS DISPOSALS POLICY

8.1 The Council has a policy for raising funds for capital investment through the limited sale of council dwellings. These funds currently go into the Decent Neighbourhoods pot. Properties currently considered for sale are

- units with an open market value of £450k
- units with refurbishment costs of £30k
- the last unsold unit in a former acquired house where all the other homes have been sold
- units that are costly or hard to manage

8.2 Since the policy was introduced in March 2007, 64 dwellings have been sold yielding capital receipts of £31.3m. This gives an average number of sales of marginally more than 1.5 properties per month, however property sales have accelerated significantly over the past 18 months, with approximately 40 properties having been sold in 2010.

9. ASSET MANAGEMENT APPROACH TO PROPERTY DISPOSALS

9.1 It is intended to align the current disposals approach with a number of new conditions for disposal and revisions to the existing conditions in order to meet the investment needs of the stock over the coming decades, including our proposed area based improvement programme and investment required to meet housing need. The revisions to the policy are set out below.

Net Present Value

9.2 The current HRA Limited Void Disposal policy does not take into account the relative long-term value of dwellings when considering them for disposal. Dwellings which pose a long-term drain on HRA resources, i.e. cost more over a 30-year period than the amount of income that they yield and, therefore, have a 'negative net present value', will also be considered for disposal, regardless of the size of the potential capital receipt or any investment cost required to bring them into lettable condition.

Bedroom sizes and refurbishment thresholds

9.3 By setting a single high value threshold of £450k above which disposal will be considered regardless of the number of bedrooms, the current policy favours the disposal of dwellings with more bedrooms. This model is crude and is not congruent with the housing need in the borough, which generally shows larger units being in short supply with smaller units significantly less sought after (a full analysis of housing need and supply is provided at

Appendix 3) Therefore, a new scale of thresholds based on bedroom-size will be applied as follows:

Open Market Value Thresholds for Disposals based on Bedroom Size

Bedroom size	Disposal Threshold
Studio	£170,000
1 bedroom	£220,000
2 bedrooms or more	£350,000

Disposal based on costs of returning a unit to a lettable condition will also continue, however, given the extent of the capital investment shortfall, the threshold will be lowered from £30k to £15k.

Other disposal criteria

- 9.4 In addition to disposing of the freehold to properties only occupied by leaseholders we will consider the disposal of the freehold of properties where only one tenanted property remains, retaining a long leaseholder interest in the remaining property subject to necessary consents.

10. USE OF CAPITAL RECEIPTS FROM AN ASSET- BASED DISPOSALS APPROACH

10. 1 The strategy, assuming that as indicated there is no significant change to the treatment of capital receipts and capital allowances under HRA reform, is to reinvest the receipt as follows:

- To fund capital expenditure on area-based improvements and estate improvements that help the Council achieve its corporate objectives (e.g. reducing levels of crime and anti social behaviour).
- To develop or acquire new affordable housing to meet identified housing needs, including where appropriate extension of current properties
- To fund tenant incentive initiatives (qualifying as capital expenditure) that free up council housing which is in demand for those in housing need (e.g. the need for larger family accommodation).
- Subject to the Council ensuring that its statutory housing responsibilities to meet housing needs are met to use receipts to reduce HRA or General Fund debt where this is identified as a priority, and where repayment of debt is of net financial benefit to the Council's HRA or General Fund.
- To invest in capital expenditure on planned maintenance of the current LBHF Housing stock until this is fully funded by the HRA revenue account.

10. 2 The implementation of the new policy is forecast to yield capital receipts as set out below. This calculation prudently assumes an average receipt

of £350k per property, but takes no account of any potential pooling liability. Disposals over the past 12 months have returned average receipts of £452k.

	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Estimated No of Void Disposals	50	60	70	80	80	300
Estimated Capital Receipts from Voids Disposals	£17,500	£21,000	£24,500	£28,000	£28,000	£107,000

10.3 The receipts set out above would make available considerable resources to allow for the funding of regeneration activities and capitalisable area based improvements.

10.4 Increases in the rate of disposals however will mean fewer properties being available to meet housing need in the borough. This circumstance has to be weighed against the maintenance needs of the overall stock.

10.5 An assessment of housing need in the borough is set out in Appendix 3 of this report. This bears out that the greatest relative shortage of properties exists with regard to family-sized accommodation, which adds significant pressure on temporary accommodation costs. An allowance in the use of disposal receipts has therefore been set aside to allow the expansion of the stock of family-sized dwellings either within or outside of the borough and to fund measures to tackle overcrowding.

11. POLICY FOR DISPOSAL

11.1 The detailed policy to be applied by officers effecting disposals is set out at Appendix 2.

11.2 In some circumstances it will be appropriate to retain properties which would otherwise be disposed under an asset-based approach. The factors to be weighed when deciding whether to dispose are set out in the procedure at Appendix 2.

12. MONITORING AND REVIEWING ASSET-BASED DISPOSALS

12.1 The operation of the approach including the disposal threshold figures will be reviewed after the first 12 months of operation (and annually thereafter) by the Cabinet Member for Housing in consultation with the Director of Housing and Regeneration, and the Council's legal and valuation services. Due regard and consideration will be given to ensure that the Council is meeting any existing responsibilities or requirements laid upon it with respect to meeting housing need and to ensuring that the policy is operating lawfully and fairly across the borough.

12.2 No review shall be effective until approved by Cabinet and until then (or in the absence of any review taking place) the current policy shall remain in force. No change to the policy shall affect any sale for which authority has already been given.

13. COMMENT FROM ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

13.1 The improvement of unpopular estates is of course capable of being a legitimate housing objective. This includes measures to rebalance tenures on an estate, provided conforming with the following principles:-

- Lettings on non-secure tenancies and/or to persons lacking normal priority must be strictly in accordance with a local lettings policy that itself does not unbalance the Council's allocations policy in terms of affording reasonable preference to those in priority need (see 7.8 below)
- Although housing authorities have no legal obligation to acquire houses themselves, sales and lettings of stock (as envisaged by this report) must be motivated purely by *bona fide* housing objectives. In particular they must not be tainted by any considerations of potential electoral advantage (any member or officer pursuing, or wilfully blind to, such motives would act unlawfully and not be protected by any legal advice)
- Criteria and mechanisms for selection of properties for disposal/letting must be objective, transparent, uniform across the borough and firmly rooted in housing policy and in particular be consistent with the Council's then current requirements as a local housing authority properly to discharge its duties (e.g. scarce properties for which there is a pressing need should normally not be sold)

- Due regard must be had to the likely effect on persons with protected characteristics under the Equality Act 2010
- 13.2 On the basis lettings effected pursuant to any local lettings plan would be on a fully secure basis, the lettings can still be effected by the Council itself. If security were not to be offered those lettings would have to be through a housing association or local housing company. In relation to sales: whilst the Council can effect sales, where these are to purchasers intending to occupy as their only or main home, the Council will stand to lose 75% of the capital receipt under national pooling rules (expected to be repealed by the new Government in due course). This may therefore also dictate the end result being achieved via a housing association or local housing company, provided there are sound business reasons for adopting that course anyway.
- 13.3 Disposal of Part II housing land (except by way of Right to Buy sale or grant of secure and introductory tenancies and tenancies to the homeless) requires Secretary of State consent at DCLG under Section 32 Housing Act 1985. A number of general consents have been issued, which would allow the sales envisaged in this report, but most of these are for disposals which would entail the 75% loss of capital receipt mentioned above. Where, though, sale is to a housing association (for the best consideration that can reasonably be obtained) of properties “in need of substantial works of repair, improvement or conversion”, then no ad hoc consent is required and 100% of the capital receipt can be retained (provided the Council has sufficient “available capital allowance” i.e. amounts it has resolved to contribute towards schemes of affordable housing or regeneration). Counsel’s advice has been sought as to what in this context qualifies as being “in need” of “substantial works”. Counsel has advised that the relevant General Consent does pre-suppose disposal of “run down housing”, but being run-down may result from the estate environment as much as the condition of the dwelling itself. The “need” for works can similarly arise not just from the condition of the dwelling but from what is genuinely and reasonably considered to be needed to effect a good sale and to improve the tone of the estate. This would have to be determined on a case by case basis with valuation advice, but higher quality kitchens and bathrooms are likely to be justifiable. They are also likely to qualify as “substantial works”, whereas mere redecoration or minor repairs definitely would not.
- 13.4 Where the Council disposes to a housing association or local housing company for less than the best consideration that can reasonably be obtained, consent would be needed under Section 25 Local Government Act 1988 (with no general consent that is likely to be applicable). It is considered this would not prevent a bona fide discount for bulk being offered where a number of properties are purchased as a package. A

significant discount for any other reason, however, would be likely to trigger the need for S.25 consent if not reflecting something of corresponding value (in money or money's worth) provided by the housing association.

- 13.5 Directing resources to where they are most needed is of course logical, but a reasonable balance must be struck (in a transparent and properly justified form). One or two particularly problematic estates cannot monopolise all available resources (especially over a period of years) leaving nothing for other estates that perhaps evidence many of the same problems. Nor would it be appropriate automatically to earmark proceeds of sale of particular properties for improvements to the estates those properties are situated on. However, it is understood here that all receipts will initially go into a single pot and that expenditure from that pot will only be against a clear case made by reference to transparent criteria and after receiving specific approval by Cabinet.
- 13.6 The impact of estate improvements on leaseholders will need to be considered. Such improvements may initially be funded by sale receipts etc, but this will not of itself justify the Council in not re-charging leaseholders for works which the Council is clearly entitled to include in the service charge. The Council's fiduciary duty will in fact normally require it to re-charge unless the expenditure cannot be considered as having been reasonably incurred in the context of the lessor/lessee relationship.
- 13.7 In relation to secure tenants, Section 105 Housing Act 1985 requires that the Council maintains such consultation arrangements as it considers appropriate to enable those of its secure tenants who are likely to be substantially affected by a matter of housing management to be informed of the authority's proposals and to make their views known within a specified period. **Any representations received must be considered before any decision is taken on the matter.** S.105 covers matters of management, maintenance, improvement or demolition or the provision of services or amenities *if they represent a new programme or a change in the practice or policy of the Council and are likely substantially to affect secure tenants as a whole or a distinct social group, or a particular estate or larger area.* Disposals on the asset-based policy should not trigger a need to consult. The proposed area-based policy, however, not only requires borough wide pre-adoption consultation in accordance with the recommendations in this report, but later consultation (limited to the candidate estates) as to which estate is to be selected and a final consultation on the measures to be adopted to improve the selected estate (confined just to that estate and any adjacent estate which would also be substantially affected). The Council's normal consultation

arrangements will need to be followed in all cases, unless (on reasonable grounds) those arrangements are modified in this context.

- 13.8 With respect to Local Letting Plans, Local authorities are required by the Housing Act 1996 (“The Act”) to have an Allocation Scheme for determining priorities and the procedure to be followed in allocating housing accommodation. The Council’s Allocation Scheme was approved by Cabinet on 13 July 2009.
- 13.9 The Act also requires the Council to ensure that the Allocation Scheme gives reasonable preference to the categories of people set out in the Act including the homeless and those living in unsatisfactory housing conditions. The term “reasonable preference” is not defined in the Act but case law defines this as a ‘reasonable head start’. It is accepted that this does not guarantee a person an allocation.
- 13.10 Paragraph 4.1(ii) of the report refers to the introduction of Local Lettings Plan as a tool for improvement. Section 167(2E) of the Act gives the Council the power to introduce local letting schemes.
- 13.11 The Allocation Scheme includes a general statement about the Council’s intention to implement local letting policies within the Borough and gives authority for local lettings plans for certain areas, within the borough in order to achieve and maintain sustainable communities and to address social and economic polarisation in the borough. Before any such local lettings policy is introduced the council may consult with existing residents in that locality and will produce an explanation/justification of the plan should there be a wish to view this.
- 13.12 Once a local letting plan has been agreed it is important that it is then monitored to determine the impact on the Council’s duty to give reasonable preference to those in the greatest housing need and that there is no discrimination directly or indirectly on racial or other equality grounds.

14. OVERALL COMMENT FROM DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 14.1 The Director of Finance and Corporate Services notes the financial implications set out in the report. The report assumes that there is no amendment to the regulations governing capital receipts and allowances under HRA reform. The limited HRA voids disposals will enable the Council to finance area based improvements and other investment requirements. This will therefore ensure that Council properties remain fit for purpose. Detailed financial appraisal of specific proposals will be

necessary as they are brought forward as part of the overall portfolio of activities set out in the report.

15. EQUALITY IMPLICATIONS

- 15.1 Consultation on the area-based improvement framework will be designed to ensure tenants with protected characteristics are able to participate fully and have the opportunity to learn of the proposals and air their views.
- 15.2 A provisional equality assessment of the policy has been carried out. It has found that there are positive impacts in relation to age, race, sex, and disability. Provisional investigation suggests how some adverse impacts in relation to disability and access to low-cost home ownership, and ethnicity and increased disposals, may be mitigated. The final Equality Impact Assessment as it relates to asset-based limited voids disposal will be available at the time of the respective Cabinet meeting receiving the policy for adoption. The final Equality Impact Assessment on the area-based improvement framework will be published following statutory consultation so the assessment can take into account feedback from tenants and any changes to the proposed framework.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

No	Brief Description of Background Papers	Name/Ext. of holder of file/copy	Department/ Location
1	Hammersmith and Fulham Ward profiles	Riad Akbur, Policy Development Manager, x4043	Housing Options Division
2	Geoff Fordham et al, <i>The New Deal for Communities National Evaluation: Final report – Volumes 1 to 7</i> , (CLG, 2010) as well as specialist reports on health, housing, education, tenure diversity and mixed communities based on the NDC data and produced by the same	as above	as above

	research consortium (CLG, 2009, 2010)		
3	Rebecca Tunstall and Alex Fenton, <i>In The Mix: A Review of Mixed Income, Mixed Tenure and Mixed Communities</i> , (JRF et al, 2006),	as above	as above
4	Joe Doherty, <i>Mixing Housing Tenures: is it good for social well-being?</i> , (JRF, 2006),	as above	as above
5.	Graham Martin and Judi Watkinson, <i>Rebalancing Communities by Mixing Tenure</i> , (JRF, 2003)	as above	as above
6.	John Hills, <i>Ends and Means: The Future Roles of Social Housing in England</i> , (CASE, 2007)	as above	as above