

WANDSWORTH BOROUGH COUNCIL

HOUSING OVERVIEW AND SCRUTINY COMMITTEE - 15TH NOVEMBER 2007

EXECUTIVE - 26TH NOVEMBER 2007

Report by the Director of Housing on the draft Mayor of London's Housing Strategy and the immediate and longer-term implications for the Council.

SUMMARY

This report sets out the content of the draft Mayor of London's Housing Strategy, which was published on 18th September 2007.

While the period for statutory consultation on the draft strategy, other than with the London Assembly, is not anticipated to commence until after the Mayoral election in May 2008, the Director of Housing, in consultation with the Cabinet Member for Housing, considers that some of proposals contained in the document are matters about which Members should be alerted at the earliest possible stage.

In particular, the Mayor's stated ambitions for the proposed pan-London housing mobility scheme through the Capital Moves project, have generated considerable adverse comment from the majority of London boroughs in view of the potential impact on their abilities to meet local housing needs and targets and achieve effective community cohesion and sustainability.

Commencing in 2009, under the Mayor's proposals, all new build affordable housing across London would be included in the Capital Moves project for allocation to a household from anyone of the 32 boroughs with an increasing number of social housing relets to be included in the scheme up to a figure of 25 per cent by 2012.

In the light of these developments, the Cabinet Member for Housing has commented extensively in the media and he sets out his views in the report.

GLOSSARY

CBL	Choice Based Lettings
DMHS	Draft Mayor's Housing Strategy
GLA	Greater London Authority
HMO	Houses in Multiple Occupation
SAP	Standard Assessment Procedure

**RECOMMENDATIONS**

1. The Housing Overview and Scrutiny Committee are recommended to support the recommendation in paragraph 3.

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2. If the Overview and Scrutiny Committee approves any views, comments or recommendations on the report these will be submitted to the Executive for consideration.
3. The Executive are recommended: -
  - (a) to endorse the Cabinet Member for Housing's comments as set out in paragraphs 13 to 31 of this report and to agree that the Council should continue to oppose proposals contained in the Mayor's Draft Housing Strategy with the potential to have a damaging effect on the Borough's housing policies; and
  - (b) to instruct the Director of Housing to represent firmly the Council's position in discussions and correspondence with officers at London Councils and other bodies on the matters addressed in the report.

### **INTRODUCTION**

4. In November 2006, "Towards the Mayor's Housing Strategy" was published. The Council's response in Paper No. 07-135, which was approved by the Executive on 22nd January 2007 stated that: -
  - (a) the proposals fail to offer assurances that boroughs will retain sufficient flexibility to be responsive to local needs and circumstances; and
  - (b) the proposals amount to a one dimensional approach to housing issues in London with too much focus on new supply and scant regard for the need to make best use of existing stock including initiatives such as the Council's Hidden Homes initiative and the use of empty properties; and
  - (c) the proposals jeopardise the creation of mixed and sustainable communities in London through the Mayor's dogmatic insistence that social rented housing should be provided at the expense of intermediate housing, moreover, which will be largely built in areas of London least accessible and attractive to Wandsworth residents; and
  - (d) in essence the proposals fail to consider the role of an already overheated London economy within a national housing and employment context and instead appear content to make London an even bigger, but not necessarily better, place regardless of the inevitable increase in inward migration both from the rest of the UK and abroad that this may well generate.

### **THE DRAFT MAYOR'S HOUSING STRATEGY (DMHS)**

5. The Draft Mayor's Housing Strategy was published on 18th September 2007 and is divided into six main chapters: -
  - (a) Increasing Supply;
  - (b) Improving Quality;
  - (c) Chancing Lives;
  - (d) Implementing the Strategy;
  - (e) Strategic Housing Investment Plan;

- (f) Non Financial Delivery Plan.
6. Additionally, the Draft Mayor's Housing Strategy has three cross cutting themes. These are private rented housing, equality and diversity and infrastructure.

## **KEY TARGETS**

7. The targets within the Draft Mayor's Housing Strategy are set out below: -

### **(a) Chapter 1 - Increasing supply**

#### **(i) Housing Supply**

- 50 per cent of new homes should be affordable, of which 70 per cent should be social rented and 30 per cent intermediate (10,675 social rented and 4,575 intermediate each year);
- 42 per cent of all new social rented to have three or more bedrooms;
- 16 per cent of intermediate homes to have three or more bedrooms by 2010/11;
- 50,000 new affordable homes over three years from April 2008;
- more empty properties brought back to use and a 2.5 per cent vacancy rate by 2016;
- 400 new supported homes each year from 2008 to 2011 from the affordable housing programme of 30,500 new homes a year; and
- individual boroughs targets set for housing provision, which will be used for monitoring from 2007/08 to 2016/17.

#### **(ii) Providing Affordable Homes**

- a consistent set of priority groups for intermediate housing to be developed; and
- working with partners the Mayor will review impact of rent restructuring in London both in terms of affordability and development viability

### **(b) Chapter 2 - Improving Quality**

#### **(i) Climate Change**

- reduction of carbon emission in London by 30 per cent by 2025; and
- all new homes to be zero carbon by 2016

#### **(ii) Renewing Homes and Estates**

- no homes should have SAP rating below 40 by 2016; and
- implementing of HMO licensing and the Housing Health and Safety Rating System comprehensively, targeting the worst landlords and properties first.

#### **(iii) Improving Design**

- all new residential developments to meet the highest standards of environmentally sustainable design and construction; and
- all new housing should be built to lift time homes standards and ten per cent designed to be wheelchair accessible or easily adaptable for

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residents who are wheelchair users

### **(c) Chapter 3 - Changing Lives**

#### **(i) Homelessness**

- minimum two year tenancy period for using the private rented sector as temporary accommodation for homeless families and accredited landlords should be used;
- all boroughs should use NOTIFY to ensure that homeless people have access to high quality support;
- social landlords should aim to stem the growth of overcrowding in the social rented sector by 2012;
- borough strategies should demonstrate how the targets will be achieved and how the number of rough sleepers and people waiting for move on accommodation will also be reduced;
- implementing a pan London protocol for the use of the private rented sector to discharge duty for homeless households; and
- boroughs should participate in landlord accreditation schemes and support better mediation services and use of tenancy deposit schemes.

#### **(ii) Choice Based Lettings and Mobility**

- all London boroughs and Registered Social Landlords to participate in a Choice Based Lettings scheme by March 2008, two years ahead of the government target;
- all new homes funded by public investment should go into the Capital Moves project, the London wide choice and mobility service, currently in development, by 2009;
- the Mayor will annually review the minimum proportion of relets to be offered through Capital Moves moving from the current proposed five per cent to 25 per cent by 2012;
- social landlords and homelessness agencies should adopt activities that improve the life chances of their customers especially through employment and training;
- all social landlords should accept Accessible Housing Register; and
- the Mayor working with government, boroughs and other partners will improve opportunities for Londoners seeks affordable housing outside the capital by incorporating existing mobility schemes as well as new sources of housing supply outside London into Capital Moves.

#### **(iii) Worklessness**

- encouragement of social landlords to make improving the life chances of their tenants a core activity;
- support for innovative projects that tackle homelessness and worklessness; and
- the Mayor will develop measures to improve access to work and skills for homeless people through the Adult Skills and Employment Strategy and ensure that improving the well being of homeless people is an explicit priority in his Health inequalities strategies.

### **(d) Chapter 4 - Implementing the Strategy**

- (i) The Housing Corporation will allocate funds for the affordable housing

programme at the Sub-Regional level, tied to Regional and Sub-Regional nomination arrangements for the new homes to ensure fair access to new homes by boroughs.

(ii) Borough Strategies

- boroughs should review and revise housing strategies so they are in “general conformity” with the Mayor’s housing strategy by December 2009. These include housing strategies and policies, homelessness strategies, Supporting People strategies, community strategies and allocations strategies, plans and policies. The Mayor will expect each borough to notify him of all its strategies, policies and proposals that will be subject to the general conformity provisions of the GLA Act;
- housing strategies to be in conformity with the Mayor's strategy and aim to achieve or exceed the borough targets for new homes set for them in the London Plan;
- boroughs should review the key worker and intermediate housing strategies to bring them in conformity with the Mayor's strategy;
- boroughs should review their housing and relevant environmental strategies to bring them into general conformity with the Mayor's aims;
- boroughs should review all homelessness strategies and bring them into conformity with the Mayor’s strategy; and
- boroughs should review and revise Supporting People strategies so that they are in conformity with the Mayor's strategy.

(e) **Chapter Five - Strategic Housing Investment Plan**

(i) Investment

*Regional Housing Pot*

The Investment Plan provides for: -

- the Mayor maintaining the three funding streams used during the 2006/08 allocation. These are decent homes, new supply and a targeted funding stream. (Currently, the Mayor is not responsible for the Decent Homes funding stream);
- the targeted funding stream will be divided into four streams; gypsies and travellers, settled homes, innovation and opportunity fund and improving the condition and use of existing homes;
- improving the condition and use of existing homes will cover; improving the homes of vulnerable households in the private sector; bringing long-term empty properties back into use; extensions/de-conversions of existing stock; estate/area renewal and housing association stock improvements and adaptations;
- a review of the outcomes of individual programmes funded in 2004 to 2006 and 2006 to 2008 will be carried out focusing on the value for money for each funding programme; and
- the Mayor continuing to identify funds from the Regional housing pot to reduce the number of vulnerable households living in non-decent private sector homes

*Housing Corporation*

The following targets have been set for the Housing Corporation:

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- increasing the number of new social rented three bedroom or larger homes from the current 35 per cent to 42 per cent - to tackle overcrowding in London's social housing and to assist move on for families currently housed in temporary accommodation;
- increasing the number of intermediate three bedroom or larger homes - to promote access to home ownership for families - from the current four per cent to eight per cent in 2008/09, increasing to 12 per cent the following year and by 2010/11 quadrupling it to 16 per cent;
- ensuring all new allocations achieve Level 3 of the Code for Sustainable Homes as a minimum, but prioritising schemes that can achieve higher levels of the Code - to meet the challenge of climate change;
- funding 1,250 homes over the three years for people with housing support needs, in line with the pan London assessment of need;
- in addition, the Mayor is keen to work with Ministers to ensure that some of the new homes delivered outside London in adjoining regions are made available to meet London's more pressing housing need - as proposed in the government's consultation on the regional funding allocations; and
- earmarking £5 million to boost the supply of homes in Seaside and Country Homes Scheme for older Londoners wishing to move out.

### (f) Chapter 6 - The Non-Financial Delivery Plan

- (i) Actions for Boroughs and London Councils. In Chapter 6 of the Mayor's Draft Housing Strategy a very detailed delivery plan is set out as follows: -

	<b>Lead Agency</b>	<b>Timescale</b>
<b>Increasing Supply</b>		
<b>1.1 Meeting demand</b>		
Review and revise borough housing strategies where necessary to ensure general conformity with the Mayor's Draft Housing Strategy, and provide GLA with a list of existing and planned housing strategies and policies.	Boroughs	Dec 2009
<b>1.3 Providing affordable homes</b>		
Review and revise intermediate and key workers strategies, policies and practice where necessary to ensure general conformity with the Mayor's Housing strategy	Boroughs	Dec 2009
Review affordability across all sectors and assess the impact of rent restructuring in London	GLA (Boroughs)	March 2008
Incorporate all new intermediate housing supply into pan-London marketing.	Boroughs	Nov 2008
Ensure access to intermediate housing is aligned with the pan-London choice based lettings and mobility scheme	Capital Moves	Jan 2009
<b>Improving Quality</b>		
<b>2.2 Tackling Climate Change</b>		
Review and revise housing and environmental strategies, policies and practice where necessary to ensure general conformity with the Mayor's Housing Strategy.	Boroughs	Dec 2009

Implement HMO licensing and the Housing Health and Safety Rating System comprehensively and set up a pan London monitoring and reporting system.	London Councils	Sept 2008
<b>Changing Lives</b>		
<b>3.1 Meeting Need</b>		
Review and revise strategies, policies and practice on overcrowding, homelessness and Supporting People where necessary to ensure general conformity with the Mayor's Housing Strategy.	Boroughs	Dec 2009
Fully participate in NOTIFY	Boroughs and primary care trusts	Dec 2008
Implement a pan-London protocol for the use of the private rented sector to discharge duty for homeless households	London Councils	Dec 2008
Undertake assessments of the need for new supported housing, using the London Supported Housing Needs Assessment model.	Boroughs	Annually
Monitor and report on the provision of cross-authority Supporting People services	London Councils	Bi-Annually
<b>3.2 Creating opportunities</b>		
Develop and launch Capital Moves, integrated with the London Accessible Housing Register and incorporating out of London moves.	Capital Moves	Jan 2009
Adopt the London Accessible Housing Register toolkit	Social Landlords	March 2008
<b>3.3 Managing Places</b>		
Provide private sector landlords with advice and support to promote greater professionalism among this group.	Sub regional partnerships	March 2009

**KEY ISSUES FOR BOROUGH IN THE DRAFT STRATEGY**

8. A target that all new affordable homes (by January 2009) and 25 per cent of relets (by 2012), be allocated through Capital Moves is included in the Strategy. In previous discussions on Capital Moves the agreed principle was that five per cent of relets would go through Capital Moves.
9. There is no reference to "Host Borough Premium" in the Strategy. "Host Borough Premiums" are a feature of the Sub-Regional nominations protocols, which have determined the allocation between boroughs of new supply of affordable housing. However, Sub-Regional and Regional allocation protocols are mentioned in reference to the Housing Corporation.
10. Housing Supply - 50 per cent of new homes should be affordable, of which 70 per cent should be social rented and 30 per cent intermediate (10,675 social rented and 4,575 intermediate each year, 42 per cent of all new social rented to have three or more bedrooms (increased from 35 per cent)); 16 per cent of intermediate homes to have three or more bedrooms by 2010/11 (a new target, rising each year from eight per cent, to 12

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per cent and then 16 per cent in 2010/11). Support for investment in affordable housing outside London enabling moves by Londoners to other regions is referred to in the Strategy.

11. The requirement for boroughs to review and revise a range of housing strategies to be in general conformity with the Mayor's Housing Strategy by December 2009 including: overall housing strategies; intermediate and key worker strategies; policy and practice on overcrowding, homelessness and supporting people.

### **CONSULTATION TIMETABLE**

12. The GLA bill received Royal Assent on 23rd October 2007 and a two-month consultation period will take place with the Greater London Assembly. The indications are that a revised strategy will be prepared in January/February 2008 which will be published in March 2008. With the election for London Mayor due to take place in May, it is unlikely that any further developments will occur until June/July when a statutory period for more general consultation will commence. Implementation of the approved London Housing Strategy is likely to be in November 2008.

### **COMMENTS OF THE CABINET MEMBER FOR HOUSING**

13. In view of the importance of the matters contained within the draft Mayor's Housing Strategy, the Cabinet Member for Housing has been consulted and he, in the forgoing paragraphs, sets out comments on the issues that he sees as particularly important to the Council, both in the short and longer terms.
14. As Members are aware from reports previously submitted to meetings of the Committee, the Council has not settled its own policy position and currently remains one of only four London boroughs, and the only stock retaining authority, not to be operating any form of Choice Based Lettings (CBL).
15. The Cabinet Member for Housing advises that he, the Chairman of the Committee, the Deputy Chairmen and officers have visited a number of London councils to see CBL in action and have obtained feedback from Members and officers. However, there remains concern on the part of the Cabinet Member and his colleagues regarding CBL in respect of both the possible adverse impact on management performance, e.g. void turnaround and on the ability of people lacking the requisite skills and confidence to overcome the inbuilt bureaucratic and technological barriers to enable them to submit bids for vacant properties under CBL. Whilst feedback suggests that advocates can be found for the most vulnerable clients, a number of applicants without an assessed need for support may find themselves struggling to actively participate in CBL and lose out as a consequence.
16. The Cabinet Member has noted that reports have appeared in the housing press about a change in policy by Portsmouth City Council towards CBL. The media coverage suggests that the authority has become disenchanted with scheme largely because of the "flaws" mentioned in the preceding paragraph and have returned "pump priming" funding to the government. In an effort to gain the best possible overview from social housing landlords on CBL, officers have sought feedback via HouseMark, a leading weekly housing publication.

17. In terms of the risk of legal challenge once CBL is introduced, the High Court has recently ordered Newham Borough Council to overhaul its CBL scheme after finding that it had failed to prioritise an overcrowded family with urgent medical need. Newham are considering an appeal to the ruling.

### **South West London Housing Partnership**

18. In formulating his comments, the Cabinet Member for Housing has established from the Director of Housing that, since 2003, investment in new affordable housing has been allocated by the Housing Corporation to the five Sub-Regions in London rather than to individual boroughs, as had been the previous arrangement. Whilst the new regime has no legislative basis, the Housing Corporation has repeatedly stated that Sub-Regional working "is not an option". The main benefits are seen as the improved opportunities to identify sites across borough boundaries for purposes of developing affordable housing to which neighbouring local authorities may have nomination rights under an agreed formula. On the face of it this appeared advantageous for Lambeth and Wandsworth Borough Council in particular as the only two inner London boroughs and therefore with the highest level of housing need. The latest projections for the Council's entitlement over the 2003/08 period to nominations outside Wandsworth are as follows: -

Social rented - 48 properties  
Shared Ownership - 144  
Key Worker rented - four  
Key Worker sale - 78

### **Pan-London Mobility and Choice**

19. With the GLA's interest in pan-London choice and mobility becoming more and more apparent, the former Association of London Government (ALG) - now London Councils - offered to provide a co-ordinating function in progressing the agenda and this was generally welcomed by boroughs as at the time much concern centred on the Mayor's ambitions to take on the role and the risk that he would fill any vacuum that a delay might create.
20. Initially, the mobility scheme was to include new build housing in London with the main focus on the so-called strategic sites e.g. Thames Gateway, Greenwich Peninsula etc. This was to be the method by which all boroughs could nominate their own residents for housing in these extremely large developments. At that stage the GLA were arguing for the inclusion of relet voids (a figure of 15 per cent was mentioned) but local authorities resisted on the grounds of this being a step too far, certainly for elected Members.

### **Capital Moves project**

21. As a means of encouraging Sub-Regional and Regional partners to operate Choice Based Lettings outside local authority areas, the government invited bids for funding to pay for the necessary technology etc to support such a scheme. ALG/London Councils submitted successful bids on behalf of boroughs under the Phase 1 and Phase 2 arrangements, hence the development of the "Capital Moves" project. The Council agreed to assist with the funding for the following reasons: -
- (a) London Councils appeared to be continuing to try to keep the Mayor at arms

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- length by retaining close control of the project;
- (b) access to new build nominations for boroughs on the strategic sites was inherently linked to involvement in Capital Moves; and
  - (c) any new IT system developed as part of the pan-London arrangements may have lowered the Council's costs of providing a local CBL scheme, should the Council opt to adopt this course.
22. From a position where new build housing was to be included first in the Capital Moves scheme, it is now intended to add new build after the system is up and running using the relet voids. The proposals envisage that: -
- (a) local authorities will contribute five per cent of relet voids which would be allocated using a central web based system. Based on London Councils' figures this would equate to 66 Wandsworth properties;
  - (b) the system will select the voids to be included in the pan-London scheme to stop local authorities/RSLs "cherry picking"; and
  - (c) London Councils consider that there will inevitably be winners and losers scenario between boroughs but that mechanisms will need to be worked up to avoid unacceptable imbalance.
23. A report will be presented to the London Councils Leaders' Committee on 11th December 2007 seeking authority to enter into an agreement between stakeholders, which, according to London Councils officers, all boroughs will need to sign, and to invite tenders for the IT solution and managed service. Therefore, boroughs need to decide before this date whether they will be supporting the Capital Moves scheme. In fact the Mayor of London has been invited to attend the next meeting of the Leaders' Committee on 13th November 2007 to deal with a range of issues and no doubt his draft Housing Strategy, with a special focus on pan-London mobility, will be a main point of discussion.
24. The Cabinet Member comments that, as the Director of Housing has pointed out, the draft Mayor's Housing Strategy contains the following policy aspirations "The Mayor wants to see that all boroughs and housing associations are participating in a choice based lettings scheme by March 2008 (two years earlier than the government's target). He also wants all new social rented supply, the relets that flow from these, and a proportion of all landlords' other relets to be offered to applicants across the capital through a pan-London scheme by January 2009."
25. In terms of the number of relets to be contributed to the pool "The Mayor will annually review the minimum proportion of relets to be offered through Capital Moves, moving from the current level of five per cent to 25 per cent by 2012." In Wandsworth's case over 300 voids.
26. The push for pan-London mobility on this scale raises major issues for a borough like Wandsworth where demand for accommodation is high as evidenced by the fact that 25 per cent of the Council's 9,000 waiting list is made up of non-Borough households. There is no indication that Wandsworth people are keen, certainly in such numbers, to move away.

27. Whilst the Council has had reservations about the introduction of Sub-Regional working through the South West London Housing Partnership, Members and officers have felt latterly that some value has come about from the arrangements, not least the opportunities to secure access to new build for Wandsworth residents in areas within a reasonable distance of the Borough boundaries. The Mayor's intention to replace this with a pan-London scheme, and not to allow the existing "Host Borough Premiums", which entitles the local authority to a guaranteed number of the new dwellings, disincentivises development of affordable housing and in the process potentially calls into question the sense of continuing with the Sub-Regional structure in London.
28. Moreover, the loss of local control over the use of new build housing would potentially jeopardise the Council's plans to "ring-fence" one and two bedroom social rented homes delivered through S.106 agreements on sites in the Borough, as a mechanism for enticing under-occupying tenants to vacate their larger size accommodation for subsequent allocation to families in high housing need.
29. The Cabinet Member notes that it has been suggested in some quarters that boroughs should continue to support Capital Moves, based on the London Councils' model, as a way of persuading Ministers that the system is fit for purpose and adequate for the mobility needs of Londoners. The contention is that the government would not then allow the Mayor to bring his plans to fruition. However, in a recent survey undertaken by a leading professional housing journal, only one borough gave unqualified support for the Mayor's proposals.
30. The Cabinet Member for Housing considers that other elements of the draft Housing Strategy give rise to serious concerns about the manner in which the Mayor plans to discharge his new responsibilities using his traditional "one size fits all" approach. Perhaps, even more worryingly, is the way in which the government seems content to acquiesce to the Mayor's unquenchable thirst for even further powers. For example, having been assured by Ministers that the Mayor would have no influence over the allocation of funding for Decent Homes programmes, the government has now determined that the Mayor should be expected to make a formal recommendation regarding funding levels in this area. Given the Mayor's stated policy objectives around new supply, it is quite conceivable that funding will be re-directed away from Decent Homes programmes, potentially at the expense of the quality of life enjoyed by tenants and leaseholders. It seems clear that the present Mayor has scant regard for the principles of sound management and sensible investment which ensure best use of existing housing stock.
31. Generally, the Cabinet Member for Housing considers that the Mayor's proposals in his Draft Housing Strategy would create huge risks with regards to meeting local targets in relation to homeless households, high need transfer cases and other priorities, such as the S.106 under-occupation initiative. In the light of this, the Cabinet Member proposes to make the Council's position abundantly clear at all stages of the consultation processes and to work with colleagues in other parts of London, on a cross party basis, to bring about the best possible outcome for residents of Wandsworth and elsewhere in the capital.

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ROY EVANS  
Director of Housing

6th November 2007

**BACKGROUND PAPERS**

1. (Draft Mayor's Housing Strategy) - <http://www.london.gov.uk/mayor/housing/strategy/index.jsp>  
Available from (Roy Evans) (020 8871 6780) (housingdirectorate@wandsworth.gov.uk).

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website ([www.wandsworth.gov.uk/committ](http://www.wandsworth.gov.uk/committ)) unless the report was published before May 2001, in which case the committee secretary (on 020 8871 6039) can supply if required.