

35% Campaign Briefing: Southwark's current housing & regeneration policies

22 April 2016

The 11,000 new 'council' homes programme

In the two years since the Council launched this ambitious programme to build 11,000 new 'council' homes (over the next 30 years) it has built a total of just 152¹. Meanwhile, during the last year alone the borough has seen a net loss of 170 social rented homes. This figure doesn't even include those lost through Right to Buy during that period.

The Council has set up an SPV – a Special Purpose Vehicle – a limited company (Southwark Housing Company Ltd) to fund, build and manage these 11,000 new 'council' homes. Lambeth Council has adopted a similar strategy and admitted that some of its new 'council' homes will be let at the new 'affordable rents' of up to 80% market rent.

Furthermore, the attached consultation document makes no secret of the fact that the programme to build 11,000 new homes will involve the redevelopment of existing council estates.

Indeed, Council leader Peter John is an avid supporter of Lord Adonis and even wrote an [entire chapter](#) for his [manifesto for the destruction of council estates](#), in which he held up the Heygate regeneration as a positive model. Adonis claims that *“The scale of council-owned land is vast and greatly under-appreciated,”* and that *“there are particularly large concentrations of council-owned land in inner London, and this is some of the highest-priced land in the world.”*

In 2012, the Council instructed Savills to develop an (APEX) asset management system and strategy for future management of its housing stock. Savills subsequently produced a [Housing Stock Options](#) report in 2013, which described a *“legacy of housing in Southwark that is now reaching the end of its life”* and outlined the *“potential for the Council to improve its business plan .. through effective asset management. This would mean identifying those assets which are a net liability in the plan, and exploring alternative options for those properties”*.

In 2015 Savills conducted an '[Asset Performance Evaluation](#)', which assessed each of the Council's 40,000 council homes and gave them a Net Present Value (NPV). 4,167 of these were deemed to have a negative NPV. Savills recommended the *“disposal of non-viable properties to remove onerous liabilities from Southwark's balance sheet”* and *“small scale regeneration including redevelopment”*(paragraph 4.26).

The Savills evaluation informed the Council's [2016 Housing Asset Management Strategy](#), which says that *“11.5% of the stock (4,167 units) has a Net Present Value which is below zero”* located on 'High Investment Needs Estates'. It goes on to say *“we will be working with residents on these of these 'High Investment Needs Estates' to find the best way to improve this stock”*. It goes on to say that it will *“improve or replace properties that have a poor economic and social performance with properties that are fit for purpose.”*

It is worth noting that it was Savills that produced the '[Completing London's Streets](#)' report, which underlied David Cameron's proposals to knock down 100 council estates across the country. Savills'

1 See Council Assembly Question 1, 26 Jan 2016 <http://moderngov.southwark.gov.uk/documents/s59593/Members%20questions%20with%20responses.pdf> (only 21 of the 75 Willow Walk homes are social rented council homes)

report used both the Brandon and the Portland estates in Southwark as examples of estates that could benefit from being redeveloped.

Savills also produced the [Heygate viability assessment](#) for Lend Lease, which [manipulated the figures](#) and justified a reduction in Lend Lease's affordable housing offer for the Heygate to just 79 social rented homes.

Demolitions continue

In the meantime, as evidenced in the following blog post (<http://35percent.org/2016-01->), the Council has overseen a net loss of 170 social rented homes across the borough last year according to GLA data; and its estate regeneration schemes have seen it sanction the demolition of a total of 7,978 homes on the following estates:

- Silwood estate – 63 homes
- Neckinger estate (Bermondsey Spa) – 131 homes
- Elmington estate – 294 homes
- Wood dene estate – 316 homes
- Heygate estate – 1212 homes
- Aylesbury estate – 2759 homes
- North Peckham regeneration (five estates) – 3203 homes

Assembly Member Darren Johson's analysis of GLA planning application data says that Southwark will lose 2,051 social rented homes as a result of regeneration schemes in its current pipeline (far more than any other borough).

Furthermore, as evidenced in the attached press article, The council is expecting to lose 9,000 council homes via RTB over the next 30 years.

Finally, of the social rented homes that have been built in the borough during recent years, the 35% Campaign has identified 42 developments where social rented housing agreed at planning committee has been delivered as affordable rent. This amounts to a total of 1139 homes that were approved as social rent but which have been delivered as affordable rent. The Council is openly opposed to affordable rent, because at rent levels of up to 80% it is simply unaffordable for the vast majority of the borough's residents.

Here is the link to our list of the 42 breaches we have identified:

http://35percent.org/img/section106_tenure_breaches.pdf

As yet there has been no meaningful response to our official complaint about these breaches. Until the Council has instigated a borough-wide audit, taken enforcement action and established robust monitoring procedures, then its commitment to social rented housing remains in question.

END

Attachments:

1. Southwark's summary of its consultation on its 11,000 new council homes programme
2. Southwark News article – Thurs Oct 2nd 2014.

11,000 new council homes

You told us we needed to build more council homes. We have promised to build 11,000 in the next 30 years.

Now we need your help. We want your opinion on some of the biggest decisions we have to make about these new homes.

Our residents know Southwark better than anyone else. With your input, we can make these new neighbourhoods great places.

Our six pledges to you

We have made six pledges to our residents. These pledges explain how we will make sure you are involved in the most important decisions.

We call these six pledges our “Charter of Principles”. The pledges cover the following:

Pledge 1: How we will work with you on developing the principles for housing investment and renewal of our estates

Pledge 2: How we will work with you on the development of the new homes on your estate

Pledge 3: How we will involve you in ensuring that the new homes are delivered to a high standard

Pledge 4: Giving you a real say in how the new homes are managed

Pledge 5: We will demand high standards for the quality and affordability of new homes

Pledge 6: Your housing options if you are affected by redevelopment of your estate

If you would like a free copy of the full version of the pledges please contact us (see details on the final page of this report) or go to www.southwark.gov.uk/11000homes to download a copy.



EXCLUSIVE: THE FUTURE OF COUNCIL HOUSING

11,000 NEW HOMES,
11,000 TO BE LOST

A WINNING election pledge to build 11,000 new council homes in Southwark over the next 30 years will only maintain the numbers we have now, after thousands are expected to be lost through Right to Buy and redevelopment, the *News* can reveal.

A report by housing law expert, Jan Luba QC, commissioned by the council, predicted 9,000 council homes would be sold to their owners under the Right to Buy Scheme over the next 30 years, while the demolition of vast estates like the Heygate and the Aylesbury will also make a dent in the council's stock.

Once all of the 11,000 new council homes are built in 2044, Southwark's cabinet member for regeneration, Cllr Mark Williams, estimates we will have just about the same number as we do now.

With the Office for National Statistics predicting London's population will rise by thirteen per cent in the next decade alone, the council's housing waiting list, which currently has over 18,000 people on it, could balloon at the same rate.

"Right to Buy is an absolute killer," said Cllr Williams, who revealed Southwark was now receiving hundreds of applications per year since the

By Amelia Burr

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discount offered to tenants was raised to £100,000 by the coalition government last year. "The knock on effect on our housing stock has been severe."

The Liberal Democrats have criticised the council for not building more new homes to replace those sold through Right to Buy, in line with government policy. Figures published by the Department of Local Government, show that since 2012, Southwark has received nearly £42million in Right to Buy sales but has only started to build a total of 42 in the same time period.

"For every million pounds raised through Right to Buy, Southwark Council has started just one new affordable home. That is a truly staggering statistic," said Simon Hughes, MP for Bermondsey and Old Southwark. "The Labour-run council are sitting on pots of Right to Buy cash, enough to make a real difference to the chronic shortage of social housing in our borough, but are instead leaving almost 20,000 people languishing on the housing waiting list."

Southwark Group of Tenants' Organisations (SGTO) is concerned the borough's stock of social

housing will be further reduced if the council wants to 'redevelop' other blocks or estates in the future. "The major concern is about how much social housing stock we are losing as a result of the regeneration," said Chris Claridge, chair of SGTO, who says a community consultation launched by the council which talks about estates being 'redeveloped' and 'regenerated' has sparked fears that more stock will be demolished.

Cllr Mark Williams said there were no firm plans to demolish any other estates but he could not rule out the possibility, as each block is reviewed to check it can continue to provide suitable living standards for residents.

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COUNCIL LEADER
Peter John at the
husting before
the election
pledging 11,000
new council
homes

TEN YEARS UNTIL
MUCH COUNCIL G

IT WILL be ten years before anyone knows how much Southwark Council will make from the controversial sale and regeneration of the Heygate estate... including the council, the *News* can reveal.

In an exclusive interview with Southwark's cabinet member for regeneration, Cllr Marl Williams said the council's share of the profits made from Elephant Park would not be calculated until the project was finished, which at the earliest would be 2025.

Cllr Williams says the council will get £100million from the sale of the land and other payments guaranteed in the overall planning application for Elephant Park, but will not know the total they will bank from sale of the 22 acre site until developers Lend Lease have calculated and covered their costs at the end of the project.



WHEN THE last wall has been painted in the 3,000 new homes on Elephant Park, Lend Lease will calculate their total costs and they will be covered first.



Southwark loses its battle to lower rents

SOUTHWARK COUNCIL has vowed to fight for lower rent levels in new developments, after a legal challenge to the Mayor of London's plan to allow 'affordable housing' to rocket to 80 per cent of market rates was dismissed earlier this year.

Along with the London boroughs of Islington, Camden, Brent, Enfield, Greenwich, Lambeth, Hackney and Tower Hamlets, Southwark argued that this would mean properties would

be unaffordable to most of their residents.

Mrs Justice Long ruled in March that the mayor had acted within his power and that councils could fight for lower rents on individual developments.

Cllr Peter John, Leader of Southwark Council, said: "Eighty per cent of the market rent is completely unaffordable to many people living in this borough. We will continue to negotiate lower rents for our residents at project inception."

Council: 'We are not hiding anything'

SOUTHWARK COUNCIL has been accused of "intentionally dragging its heels" over the publication of a report detailing the council's deal with Lend Lease over the amount of affordable housing on the former Heygate estate, after a tribunal ordered most of it to be made public over four months ago.

Cllr Mark Williams said the criticism from Southwark Liberal Democrat leader, Anood Al-Samerai, was unfair as the tribunal asked the council to negotiate with the Information Commissioner on the few items which

could be redacted from the document before it was published.

The council submitted its proposal to the Information Commissioner within the given time frame, according to Cllr Williams, who has argued that some parts of the agreement should be kept private to ensure Lend Lease can get a good deal from their suppliers, in turn protecting the council's return from the development.

A case management hearing next month will still make further directions to both parties but will not give a definitive ruling on the release of the document.

WE KNOW HOW BIG THE PIE IS FOR HEYGATE

How big is our slice of the pie?

Then they will take the first twenty per cent of any profits. What is left after that will be split 50/50 between Lend Lease and Southwark Council. With fluctuating construction costs and property sale prices, Cllr Williams says it would be pointless to even hazard a guess at the final figure. "I could pluck a figure out of thin air but that wouldn't be honest of me. It's better to just wait and see what we get," he said. Last week the News reported that the council was paying

millions to Lend Lease for the demolition of homes on the Heygate. Cllr Williams confirmed that the £20million in costs to knock down the 1970s estate would start to be paid back in total this year and that all costs incurred by the redevelopment would be covered by the £50million made from the land sale.

The council says it funded the demolition because it wanted to start work on site straight away and a technicality in the agreement meant Lend Lease were not obliged to make payments to the council until the project had reached a certain stage, which it did this month.

WALWORTH

Another Green Flag awarded

THERE WERE two reasons to celebrate in Nursery Row Park on Saturday afternoon – the raising of its new Green Flag and Apple Day, marking the changing of the seasons.

Visitors to the park, the latest of nineteen in the borough to get the award for excellence in green space management, got to press their own apple juice, build their own haystack and scythe the wildflower meadow. "I am honoured to have helped with the Green Flag Award celebrations, which coincided with the Friends' Group's Apple Day annual event," said Cllr Barrie Hargrove, Southwark's cabinet member for Public Health, Parks and Leisure. "It was wonderful to see so many people in the park enjoying the event and having fun in this great open space."



How will Lions fare against The Rams?

Sport
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MAYOR OF LONDON

