

Subject: Knock it Down or Do it Up?

Report to: Housing Committee

Report of: Executive Director of Secretariat

Date: 4 March 2015

This report will be considered in public

1. Summary

- 1.1 This paper proposes that the Committee notes its report, *Knock it Down or Do it Up?*, on the regeneration of social housing estates.

2. Recommendation

- 2.1 **That the Committee agrees its report on social housing estate regeneration, *Knock it Down or Do it Up?***

3. Background

- 3.1 In February 2014, the Housing Committee agreed to investigate the regeneration of London's social housing estates, focusing on how and why decisions to demolish or refurbish are taken. At its meeting on 17 June 2014, the Committee agreed the scope and terms of reference of the investigation.
- 3.2 The terms of reference for this investigation were:
- To establish the criteria used to determine decisions, and clarify the decision-making process adopted, when social housing is considered for demolition or refurbishment;
 - To assess the comprehensiveness and robustness of the decision-making process;
 - To identify good practice in shaping decisions; and
 - To scrutinise the role of the Mayor in supporting social housing refurbishment or regeneration and consider whether there is more he should do.
- 3.3 Officers confirm that the report and its recommendations fall within these terms of reference.
- 3.4 The Committee's June and July 2014 meetings were devoted to this topic. The Committee also undertook a site visit on 2 July 2014 to Clapham Park, one of the biggest former council estates in Europe, to discuss the vision for the estate and how this has been shaped by funding opportunities

and Government/Mayoral policy.

- 3.5 The June meeting gathered a range of practitioners and housing experts to discuss the decision-making process and how funding opportunities influence the decisions which are taken. This was followed up in July by a meeting which allowed the Committee to hear both from a panel of experts (on the incorporation of non-financial factors in the decision-making process) and an 'open-mic' session which attracted some 70 members of the public.

4. Issues for Consideration

- 4.1 The report sets out a number of best practice principles of effective regeneration. These principles may be useful for boroughs and other housing providers, councillors and/or residents' groups to inform their decision-making processes and operations. A copy of the report is attached at **Appendix 1**.
- 4.2 The report sets out the following principles and recommendations:

Effective decision making process

An effective decision making process would:

- be robust by being clear from the outset on the purpose of the proposed regeneration and how it fits within a broader strategy for the local area and borough, communicating this early, openly and broadly, and ensuring a systematic and objective option appraisal is undertaken and published.
- include in its option appraisal effective consideration of medium- to long-term social and environmental issues. It would incorporate an assessment of the lifecycle carbon impacts of options and feature existing residents' needs and wishes in terms of their lived experience, in tandem with the wider strategic and financial imperatives. It would be clear how residents' views have been taken into account.
- have fully justified any regeneration proposal for which the provider considers there to be no viable alternative. An independent ballot of estate residents would be undertaken which would inform any final proposals to demolish.
- Ensure that leaseholders are treated fairly and provide for them to nominate an independent valuer so they receive fair recompense for their properties. The starting point should be that leaseholders are offered a like-for-like replacement of their property, or a similar offer, wherever possible.

Effective Scheme Communication

Effective scheme communication would enable all residents to understand the impacts for them as the scheme progresses and evolves. Where contractors or consultants are engaged, they would have strong track records in effective communication and the provider would nonetheless maintain a close relationship with residents, especially where progress stalls and revised proposals are needed.

The Mayor's role

The Mayor has a strategic role to play as he supports estate regeneration projects through planning decisions and the disbursement of housing grant.

The Mayor should:

- build on the principles of the Estate Regeneration Fund, by contributing wherever he can to provide counter-cyclical funding. This would mitigate the worst effects of providers' heavy reliance on volatile land and property markets. Defraying front-loaded costs is particularly important in getting schemes off the ground.
- review the level of affordable housing grant, to enable providers to pursue the best option rather than simply the one which can be made to fit current funding programmes.
- ensure that our stated Effective Practice indicators are taken into consideration when applications for the Estate Regeneration Fund, and other similar funds, are reviewed.

Central Government

The Government should:

- lift the Housing Revenue Account borrowing caps so that councils can leverage their housing assets now to support strategic regeneration
- reduce the VAT disparity between new build social housing (which is zero-rated) and estate refurbishment works (currently charged at the standard 20 per cent), to make a more level playing field between refurbishment and demolition as regeneration alternatives.

- 4.3 The Chair will write to the Mayor, and others to whom recommendations are made, to invite them to respond to the report. Responses received will be reported to the Committee, at which time any potential follow-up actions will be considered.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

- 6.1 There are no direct financial implications arising from this report.

List of appendices to this report:

Appendix 1 – *Knock it Down or Do it Up? The challenge of estate regeneration*

Local Government (Access to Information) Act 1985
List of Background Papers: None.
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