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OPENhouse

Opportunities and choice



Issue No.5 December 2001

COUNTDOWN TO THE REFERENDUM



Housing Minister comes to Tower Hamlets

■ LORD Falconer, the new Housing Minister came to Tower Hamlets with local MP Oona King. He visited several estates to see for himself the poor physical state of the buildings and high levels of overcrowding. Afterwards the Minister was given a presentation on Housing Choice and the need for more resources to help the Council.

Council staff are busy making the arrangements for the Housing Choice referendum, which is now just two months away.

In February Council tenants and leaseholders will be able to give their views on the future of their homes.

Inside this issue of Openhouse you can read in detail about why the Council is holding this referendum, what it means for tenants and leaseholders and what will happen at Stage 2 of the consultation, after the referendum.

Without doubt, this is the biggest housing consultation ever carried out by Tower Hamlets.

“This is a chance for residents to have their say on the future management and investment in their homes,” said Councillor David Edgar, Tower Hamlet’s Lead Councillor for Housing.”

The Council launched the Housing Choice con-

sultation when its business plan showed a £290 million shortfall in the money it needs to spend on homes over the next five years. The Council will face a continued loss of rental income and government subsidy as properties are sold through the Right to Buy.

Tower Hamlets needs to spend £590 million on maintaining and repairing homes and making sure that they meet the Government’s ‘decent standard’. But the most it can expect to raise from rents and government subsidy is £300 million.

“If we go on as we are, we will be forced to reconsider the level of service that we can afford to provide and accept that some of the improvements needed to our

estates will not be carried out,” said Councillor Edgar. “The Council believes that residents have the right to know how these changes will affect them and to have a genuine say in shaping the future for their estate, and that’s what the Housing Choice consultation is about.”

“We believe that people on each estate should decide on the kind of housing service they want.”

Remember, the referendum in February is NOT a stock transfer ballot. Whatever the outcome, tenants will still be secure council tenants, and homeowners will still be leaseholders of the Council while Housing Choice continues.

Editorial

As we report in this month's front page story, the Council is gearing up for the biggest consultation ever carried out with tenants and leaseholders in Tower Hamlets.

In February – just a couple of months away – you will be asked to give your views on the future of your estate in a borough-wide referendum.

Regular readers of *Openhouse* will know that the Council is facing a huge shortfall in the money it needs to repair and look after its housing. It needs £590 million to bring housing in the borough up to a decent standard. But the most it can expect to raise from rents and government subsidy is just £300 million, As Councillor David Edgar, Tower Hamlets' Lead Councillor for Housing, points out, if we go on as we are, the Council will be forced to reconsider the level of service that it can provide. But the residents will decide what any changes should be.

Cllr Martin Young, who is chair of the Sub-Group of the Housing Scrutiny Panel set up to look specifically at leaseholder issues for the Council, points out that people who have bought their own homes have already made a decision that they no longer wish to be Council tenants. Their concerns are different from leaseholders'.

But of course leaseholders have an interest in their homes and in the estates where they live. They will still be invited to take part in the consultation. This is the chance for everybody – tenants and leaseholders – to shape the future of housing in Tower Hamlets.

Drop-in surgeries

Officers from the Consultation and Participation team will be holding a series of morning surgeries and drop-ins to discuss and answer questions on the 'Housing Choice' Consultation.

This will be between 10 am and 12 noon at the local Housing Offices in Bow and North Poplar on the following dates as shown below:

Monday 7th of January, - Bromley LHO, 72-76

Bromley High Street, London, E3

Tuesday, 15th January - Malmesbury LHO, 72 Heylyn square, London, E3 2DW

Tuesday, 8th and Wednesday 9th January - Mile End LHO, Southern Grove, E3

Other Morning Surgeries are at the One Stop Shops between 10am and 12 noon, starting on the 15th of January 2002 (except 16th of January):

Every Tuesday at Cheviot House, 227/233 Commercial Road, E1 2BU

Every Wednesday at LEB Building, 225/279

Cambridge Heath Road, E2 9NN

Every Thursday at Jack Dash House, 2 Lawn Close, E14

Drop-ins during January 2002:

Thursday 17th January 2002, 4 – 7 pm, at Southern Grove Council office.

Wednesday, 23rd January 2002, 4 – 7 pm, at

Spitalfields LHO, 30 Greatorex Street, E1

Wednesday 30th January 2002, 4- 7 pm, at 723 Commercial Road, E1

Tell us what you think

Do you have any questions, concerns or views about anything that you've read in *Openhouse*?

We want to hear them.

Send your letters to:

Openhouse

c/o London Borough of Tower Hamlets

New Partnerships & Initiatives Team

Millharbour Block D

FREEPOST LON6467

London E14 9BR

Or email to: cpt.towerhamlets@dial.pipex.com

Tel: 020 7531 0220

*In previous issues we invited you to write and tell us what you think about what you have read in *Openhouse*. Here is an extract from a very long letter received on 1st November 2001:*

From Mr G J Martine Pennyfields E14

Mr Blair has guaranteed that all council employees jobs would be safe. He hasn't guaranteed that people would have the right to stay in their homes. Quite a number of our people have lived in their homes for so many years and have made the inside of their homes little palaces. They now have the fear and threat of being evicted from them and they no longer have the time or money to start again. You talk of the developers reasonable rents, why should they increase the rents, when in some places they are adding more floors to the existing blocks and so getting more rents for the same space.

What residents are telling us about Housing Choice...

Your letters

Openhouse reply:

We would like to assure residents that Housing Choice is not about evicting people from their homes to make way for private developments. It is about residents looking at the various choices available for investment and management of their homes. Tenants will remain secure tenants of the Council during the Housing Choice consultation process and should not have anything to fear. At the end of the process it will be residents who decide the future of their homes.

Send your letters to:

Openhouse, c/o London Borough of Tower Hamlets, New Partnerships & Initiatives Team, Millharbour Block D, FREEPOST LON6467, London E14 9BR

Your questions answered

To help you make up your mind in the Housing Choice referendum, *Openhouse* answers some of your most frequently asked questions.

WHY IS THE COUNCIL HOLDING THIS REFERENDUM?

The Government requires all councils to produce a business plan, showing how they will bring their homes up to a decent standard. The Council's business plan shows that it needs to spend £590 over the next five years. However, the most we can expect to raise from rents and government subsidy is £300 million. Basically, the Council is looking at a shortfall in its budget of £290 million. There will also be a continuous reduction in rental income and government subsidy as homes are sold through the Right-to-Buy which will mean less money to spend on day to day housing services.

WHY IS THE COUNCIL IN THIS SITUATION WITH ITS BUDGET?

The Council gets its money for housing in two main ways - rents and government subsidies. But for some years, we have been losing out on both of these. The subsidy system - the way the

Government calculates the amount of money that it will give each council for housing - was changed in 1996, when Tower Hamlets rents were some of the lowest in London. That meant the Council got less subsidy.

As for money from rents, Right-to-Buy applications are coming in at the rate of 150 every month, and the Council estimates that it will sell another 5,000 homes - one fifth of its rented properties - in the next four years. Every 1000 homes sold means a loss of about £2 million in rent - a very big dent in the budget every year.

IF THE COUNCIL IS SELLING SO MUCH PROPERTY, WHY CAN'T IT CUT ITS COSTS? AND WHY NOT SPEND THE MONEY FROM HOUSE SALES ON THE REMAINING HOMES?

Unfortunately, it's not as straightforward as that. If all the housing sales were concentrated in one area it would be easy to cut costs. However, they are scattered throughout the borough, making it

impossible to cut costs to match the drop in income.

Also, government subsidy is calculated on the number of properties for rent, so sales reduce the amount of subsidy the Council receives.

Government regulations meant that we are only allowed to keep 25% of the money we make from right-to-buy sales - and because of the needs of other services - such as schools - even this is not all earmarked for housing.

WHY CAN'T THE COUNCIL SIMPLY BORROW THE MONEY IT NEEDS?

The amount of money that councils can borrow is strictly regulated by the Government. For many years, this has made it impossible for Tower Hamlets to borrow on the scale needed for repairs.

Although the Government plans to give Council's new powers to borrow money this will not help Tower Hamlets because the money from rents is not even enough to cover the repayments on what we already owe.

WHO WILL RUN THE REFERENDUM?

The Council has agreed that the referendum will be conducted by an independent organisation.

WHO WILL TAKE PART IN THE REFERENDUM?

Council tenants and leaseholders both take part in this stage 1 consultation exercise. People who have bought a freehold property from the Council - i.e. a house - will not be part of the consultation exercise.

WHAT IS THE REFERENDUM ABOUT?

There will be a number of questions, designed to find out residents' views of the current service they get from the Council and whether they would like this to change.

Tenants and leaseholders will be asked different questions to reflect the different legal interests of secure tenants and leasehold homeowners.

IS THIS ABOUT STOCK TRANSFER?

No. The referendum in February is NOT a stock transfer ballot. Whatever the outcome, tenants will still be secure council tenants, and homeowners will still be leaseholders of the Council, while the Housing Choice consultation continues.

Leaseholders: Councillor Martin Young speaks out

Councillor Martin Young is the Chair of the Housing Scrutiny Panel's Leaseholder Sub Group. Openhouse asked his opinion of what Housing Choice means for leasehold homeowners.

Openhouse: Explain the role of the Council's Housing Scrutiny Sub Group on leaseholders issues?

Councillor Martin Young: The role of the Sub Group is to examine the way in which the Council deals with issues that affect leasehold homeowners of properties on the Council's estates - for example service charges and recharges for major works.

OH: The Council is holding a referendum in February on the future of housing in the borough. What does the referendum mean for people who have bought their home from the Council?

MY: People who have bought their homes have already made a decision that they no longer wish to be Council tenants and have positively chosen to join the private sector. This choice has given them both more freedom and more responsibility both of which mean that homeowners have different concerns to tenants about Housing Choice.

Home ownership means that leaseholders do not have to rely on the Council finding them a transfer if they want to move. They

can either sell their home and buy another or, subject to any consent required by their mortgage provider, become landlords and rent out their property to private tenants.

All leaseholders, by the terms of their lease are liable to pay for any services that they receive from their freeholder such as cleaning, communal lighting and grass-cutting etc. In addition most leases, including those used by the Council, require leaseholders to contribute towards the cost of repairs to their block.

As leaseholders are going to be consulted as part of the referendum, I would expect them to be thinking about whether the services they currently receive represent good value for money. I would advise those leaseholders who are dissatisfied with their current service to think seriously about taking part in Stage 2 of Housing Choice to look at what other social landlords are able to offer.

OH: Some leaseholders have claimed that their voices are always ignored, and that only tenants' views are listened to. Is it really worth their while taking part in this consultation exercise?

MY: If leaseholders don't take part they won't stand any chance of being listened to.

I know that many leaseholders have complained



■ COUNCILLOR Young urges leaseholders to think about their priorities for services and investment.

that when the Council has held ballots about transfers in the past that leaseholders have not been able to vote on the same terms as tenants. Unfortunately this is the law, which reflects the different interests of tenants who are still in the public sector and leasehold owners who are not. The referendum is not a stock transfer ballot but the Council will still need to consider these different interests when it considers the outcome and decides which estates will take part in Stage 2 of Housing Choice.

OH: Leaseholders often complain about high service charges and poor service from the Council. Will any-

thing really change?

MY: I think that there will certainly have to be change. As more tenants buy their homes, as they have a right to, the Council will need to tailor its services to meet the change in tenure, as fewer residents will require tenants' services. If the housing service is not trimmed in this way leaseholders will quite rightly say that their charges are too high. Leaseholders have to start realising that they will only get the type of service that they are prepared to pay for and that their charges cannot be subsidised by tenants' rents.

Other social landlords, often do not carry large bureaucracy costs such as

the Council and are often able to be more accountable for their services to their leasehold homeowners. Some also have leaseholders sitting on their management boards giving them direct access to the decision making of the organisation and a chance to influence change.

The Government has also stated its commitment to bringing all homes up to a decent standard in the next 10 years. Whether this is done by the Council or another landlord it will mean that leasehold homeowners will end up contributing towards the costs of work to their own homes. Even if the work is carried out by the Council, leaseholders will have to pay their share of the costs, as determined by their respective leases and S125 notices.

OH: Do you think that leasehold homeowners could get better value for money from another social landlord?

MY: I think leaseholders should look at the alternatives and come to their own conclusions on value for money as views may differ from estate to estate. Leaseholders need to think about what their own priorities are for services and investment. However, they should not assume that if they stay with the Council that they would not have to pay their fair share towards the upkeep and repair of their home.



PPCR are the independent residents' advisors appointed by tenants to make sure that people get the unbiased information they need throughout the Housing Choice consultation. They recently met with the tenants' compact group to plan the best way of helping residents. PPCR will attend all the compact group meetings, and they have written to all the Tenants & Residents Associations in the borough suggesting that they come to one of their meetings, too. The PPCR team will also be conducting random surveys - by telephone and door to door - to check on how much residents know about the Housing Choice consultation, and to find out their views. And they will hold drop-in surgeries around Tower Hamlets in January so that people can have their questions answered and find out more. PPCR have produced a leaflet, explaining their role for residents. In it they stress: "PPCR are neither for nor against any future council management and investment option, but residents must be prepared to have a view."

Where to contact PPCR:

Freephone
0800 317066
Bengali freephone
0800 5874559
Telephone no:
020 7407 7452
e-mail ppcruk@aol.com
Fax: 020 7357 7095

Or write to them at
1 The Grainstores,
72 Weston Street,
London SE1 3QH.

Leaseholder enfranchisement explained

One option that a small number of estates could consider in the future is leaseholder enfranchisement which means grouping together to take over the freehold of their block.

This option clearly

brings additional responsibilities. Leaseholders collectively would be entirely responsible for the block, and would have to take over the running of all services and the setting and collection of all service charges, including those due from the

Council for any secure tenants in the block.

WHO QUALIFIES?

Enfranchised leaseholders would have no other income to manage and maintain their block other than the service charges they were able to raise

and collect.

The law currently requires that to qualify for leasehold enfranchisement 66% of the block must be leaseholders and two thirds of them must vote for enfranchisement. A bill proposed by the Government will make

enfranchisement easier. Tenants do not get a vote under statutory leasehold enfranchisement as they would remain secure tenants of the Council.

To find out more, contact Denise Kent. Tel: 020 7364 7014.

What Housing Choice means for leaseholders

What does the referendum mean for people who have bought their own home from the Council?

The Council has agreed that leaseholders will be invited to participate in the in the Stage 1 of Housing Choice. The consultation will be different to reflect the distinction between private sector homeowners and social housing sector tenants.

This means different questions will be asked on the leaseholders' referendum papers.

According to Corporate Director Sue Benjamins, it is a chance for leaseholders to really have a say about the things that matter to them - the service they get, value for money, and the state of their property.

In February, leaseholders will be able to say what they think about the services provided by the Council and whether they

think they would get better value for money elsewhere.

If an estate decides to move on to the next stage of the Housing Choice consultation, residents will work with the Council on developing alternative options for the provision of services and investment in their homes. Leaseholders will play an important part in this process.

This means that estates will work in partnership with the Council and the organisation chosen by residents to develop the kind of service that they want. Whether estates choose to help set up a new organisation or work with an existing social landlord, the estate will have the opportunity to join a not-for-profit social housing organisation.

Councillor David Edgar commented "Some leaseholders complain that they don't get a very good



UP for sale: estate agents' boards are evidence of the increase in home ownership on the Council's estates.

service from the Council, that we don't maintain their property or that the service charges are too high. The Housing Choice

consultation is an opportunity for them to have a say in helping to shape the future of the housing service in the borough.

Leaseholders elsewhere would envy that kind of involvement and I would urge them not to miss out on this opportunity."

New homes update



NEW homes in Ewhurst Close nearing completion.

Feedback on who got the Stepney homes advertised in Issue 1 of Openhouse

The new homes being built by Paddington Churches HA and LABO HA featured in Issue 1 are now nearing completion.

Of those tenants who contacted us to say that they would like to be considered for one of these homes, over 30 have now been put forward or "nominated" to the two

housing associations. These referrals include 11 tenants who need to move for urgent health reasons and 19 tenants who are currently overcrowded. Many of these tenants had not previously asked for a Housing Association home or to move to the Stepney area. They all now have the chance of moving to a brand new home.

What happens after the referendum?

Nothing will change in terms of your tenancy or your lease. The Council will still be responsible for your home in just the same way as before the referendum.

WHAT WILL HAPPEN IN STAGE 2?

Steering Groups will be set up on those estates that choose to go forward to the second stage of Housing Choice. These will reflect the split between tenants and leaseholders so that both are involved in the decision making process.

The steering groups will be able to consider a number of options. These include choosing to work with an existing Registered

Social Landlord or setting up a new organisation. A new organisation might be a separate part of another larger registered social landlord or a new independent local organisation. It could be an independent or a part of a borough-wide group set up by the Council.

From the consultation undertaken so far, we know there is interest in all these options. Some Tenant Management Organisations in the borough are also looking into the possibility of becoming Registered Social landlords and becoming the owners of the properties they currently manage on behalf of the Council.

Tenants and owner-occupiers who would like to get

involved in a steering group if their estate goes forward to Stage 2 should contact the Consultation and Participation Team. Tel: 020 7531 0220 to put their names forward.

WHAT WILL HAPPEN FOR THOSE ESTATES THAT CHOOSE NOT TO GO FORWARD TO STAGE 2?

If an estate opts out of Stage 2 of Housing Choice, it will have chosen to do so knowing that the Council will need to make substantial expenditure savings which will mean changes in the way services are provided. Opting out will also mean that insufficient investment will be available to bring homes up to a decent standard.

Update on Lettings review

In previous issues of Openhouse we have covered the Council's proposals to introduce a new lettings policy next year. Detailed work to prepare for this is currently underway. Feedback from the two-day lettings event held at the end of the summer showed public support for a change away from the current points scheme to a simpler system based on four priority bands.

The views of a wide range of organisations including health, social services, legal and advice agencies as well as registered social landlords and neighbouring local authorities are currently being sought. Formal consultation with tenants is planned for the New Year.

The new policy proposes that empty homes will be advertised and people on the housing list invited to apply for them. This is very different to what happens at present and will mean changes to the way the lettings service is organised. Officers are currently investigating various options as to how the service could be run.

For more information on the lettings review, contact Jacqui Aitkin, Tel: 020 7364 7184.

We would welcome your ideas on how the lettings service could be improved. Please send your comments to:

*Openhouse,
C/O New Partnerships and Initiatives Team,
Millharbour Block D,
FREEPOST
LON6467,
London E14 9BR*