

Appendix C: Frequently Asked Questions

Homes for Lambeth

What is 'Homes for Lambeth'?

'Homes for Lambeth' is a new company set up by the Council and wholly owned by the Council. The company will bring in money from pension funds and other sources which the Council can't itself use. It will use this money to build more homes and better homes in Lambeth to meet the growing demands for home in the borough.

What is a 'special purpose vehicle'?

'Homes for Lambeth' is a special purpose vehicle (SPV). An SPV is a company that the Council can set up, control and own to fund the development of new Council homes. In addition, where appropriate, it will undertake commercial development for the benefit of local people – so that we retain and reinvest surpluses into building homes and delivering the services that local people need and desire.

Why is the Council setting up 'Homes for Lambeth'?

Homes for Lambeth will allow the Council to:

- Take greater control over the pace, quality and volume of new housing delivery in Lambeth across a range of tenures, in order to address market failures and to support the Council's growth agenda.
- Take an active role in delivering complementary regeneration, commercial and infrastructure developments in addition to new housing;
- Access funding from a variety of public and private sources
- Minimise the leakage of financial surpluses to the private sector and generating income that can be reinvested in housing and other development
- Enable the Council to invest in developments which are intended to generate an investment return;
- Provide the Council with a flexible platform that can grow and evolve to support it to realise new strategic delivery opportunities; and,
- Effectively manage the Council's overall exposure to the risks of development.

Are the buildings being built going to be owned by Homes for Lambeth?

Yes, the Council will grant long-leases to Homes for Lambeth to build new homes. However, the Council will still own the land. In addition Council tenants who move into a home owned by Homes for Lambeth will still be managed by Lambeth Council.

Are any retained buildings on estates which are part of the estate regeneration programme going to be transferred to Homes for Lambeth?

No, it is not expected that the Homes for Lambeth will take on the ownership of buildings that it has not delivered.

Is the Council going to own Homes for Lambeth? Under what conditions and subject to what constraints would the Council allow other investors to take an interest in Homes for Lambeth?

The Council will own all the shares in Homes for Lambeth. There will, however, be the potential for Homes for Lambeth to create subsidiary companies. These could be joint ventures in which the equity could be shared with a third party. The Council would consider doing this so, for example, we can use Right to Buy Receipts to build more and better homes.

Can the Council sell Homes for Lambeth?

Ultimately yes, however the articles and governance arrangements for Homes for Lambeth will safeguard the Council's long-term commitment to prioritising the needs of Lambeth's communities.

In addition the Council will require that any proposed sale of part of all of Homes for Lambeth (and any of its companies) be subject to a 'triple lock' of approvals:

- A unanimous vote of full Cabinet; and,
- A 2/3rds vote of full Council approval; and,
- A unanimous agreement of the Homes for Lambeth Board.

In addition the Council will deploy a robust approach to governing the actions of Homes for Lambeth to ensure that it remains fully committed to its objectives to support Lambeth's communities.

Why can the present tenancies and leases not be assigned into the new SPV?

Only local authorities can grant secure tenancies for properties held within their Housing Revenue Accounts. Homes for Lambeth will however offer a new form of tenancy which will be offered to existing Council tenants in the form of assured lifetime tenancies (See Appendix A of the Cabinet report).

This seeks to provide an assured lifetime tenancy that mirrors as far as is possible the terms of existing secure tenancies, with the exception of the Right to Buy, Right to Manage and Right to Transfer. There is the option for secure tenants to seek to move to other properties within Lambeth, away from their existing estate, in order to maintain their secure tenancy status.

Existing leaseholders, who chose to remain on an estate and take up the Council's offer of shared equity or shared ownership or full ownership, will need to transfer to new leases granted by the Homes for Lambeth.

What happens to my right to buy?

If you move to a new home built by Homes for Lambeth, you would not have the Right to Buy under the Lifetime Assured Tenancy. If you move to an existing Council property off the estate, your secure tenancy would still include the Right to Buy unless for example the home you move to is exempt, for example sheltered accommodation.

Can the SPV be criminally convicted under the Landlord & Tenants Act?

As a private company, Homes for Lambeth can be criminally convicted. In order to establish liability the Court would need to show that the "controlling mind" of the company knew about and directed the activity involved. In the case of Homes for Lambeth this would mean the company's board. The board will be made up of council officers elected members.

Will the current rights of redress that residents currently enjoy be replicated with the new arrangements? Will residents be able to sue the SPV?

The Local Government Ombudsman can only deal with local authorities and certain other public bodies. Homes for Lambeth would not be covered by this. However tenants and leaseholders transferring into Homes for Lambeth properties would have other routes for complaints including the Housing Ombudsman.