



Cabinet

18 NOVEMBER 2015

Subject Heading:

Housing Revenue Account Affordable Housing Development Programme – Phase 3

Cabinet Member:

Councillor Damian White

CMT Lead:

Isobel Cattermole, Group Director,
Children's Adults and Housing

Report Author and contact details:

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Policy context:

Addressing the imbalance between affordable housing supply and demand

Financial summary:

The proposals for phase 3 will be contained within currently approved budgets

Is this a Key Decision?

Yes as it will have a significant effect on two or more Wards.

When should this matter be reviewed?

November 2016

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	<input type="checkbox"/>
People will be safe, in their homes and in the community	<input checked="" type="checkbox"/>
Residents will be proud to live in Havering	<input type="checkbox"/>

SUMMARY

This report seeks Members approval of additions to the affordable housing development programme in the years 2015/16 and 2016/17.

RECOMMENDATIONS

That Cabinet:

1. **Approve** the additions to the affordable housing development programme for 2015/16 and 2016/17 as set out in paragraph 3.4 below.
2. **Delegate** authority to the Group Director for Children, Adults and Housing after consultation with the Cabinet Member for Housing to make variations to, or substitutions for any of the schemes covered in this report, including virement between schemes deemed desirable following scheme review, resident consultation and/or identified as a planning requirement unless the variations would incur additional capital investment beyond the existing programme budget.
3. **Approve** submission of funding bids to the Greater London Authority to support the affordable housing development programme as set out at paragraph 4.5 below.

REPORT DETAIL

1. INTRODUCTION

- 1.1. This report follows members approval of the 23rd September 2015 Cabinet report “Housing Development Plan – Strategic Overview” and seeks to set out the first years of the programme within the financial envelope approved in that report.
- 1.2. The report proposes a range of new housing development schemes for the period up to and including 2016/17. This period is the first two years of phase 3 of the Council’s affordable housing development programme and follows earlier phases of new build that are currently either completed or in development.
- 1.3. The range of accommodation provided will seek to maximise provision for vulnerable people, thereby contributing to planned revenue social care savings.

2. BACKGROUND

- 2.1. The Council’s affordable housing development team has over the last two years brought forward the first new Council housing for many years. This new function delivers on the ambitions of the Council’s Housing Strategy 2014 – 17. It helps meet the needs and aspirations

for Havering residents for a safe and affordable home to rent or buy through low cost home ownership.

- 2.2. However, the process of housing development is not a simple linear one and by nature scheme development evolves over time in response to site conditions, planning requirements and in financial terms particularly the passage of time from scheme inception to the point a tender is issued for construction works.
- 2.3. Where, as with this report, a programme of development schemes is planned it is not practical to seek detailed financial approvals at Cabinet too early in the development process. This is because key variables such as scheme design, tenure, cost and deliverability will change throughout the project until contract tender and award.
- 2.4. To allow the necessary flexibilities to remain but still enable Members to agree the shape, scale and parameters of the development programme, this report will set out the overall volume of affordable housing to be produced, and identify the type and location of schemes already in the development pipeline, albeit at different stages.
- 2.5. To ensure scrutiny and accountability each scheme will be the subject of detailed and site specific pre-tender and contract award reports in line with the Council's procurement rules. The programme as a whole will also be constrained within the financial resources made available in the September 2015 Cabinet report referred to above.
- 2.6. The operation and delivery of the programme at a scheme by scheme level will be reported no less frequently than quarterly with the Lead Member for Housing and annually to Cabinet.

3. THE PROGRAMME

- 3.1. This is the third phase of affordable housing development undertaken by the Council since it recommenced these activities and has been formed through an approach of:
 - 3.1.1. Site Identification – initial identification of suitable sites in Housing Revenue Account (HRA) ownership
 - 3.1.2. Capacity Studies – analysis of the likely scale and scope of development having regard to planning requirements, site conditions and restrictions, for example location of utility service runs, proximity to neighbouring development, and so on.
 - 3.1.3. Financial Feasibility – A financial assessment of each site to ensure scheme proposals make a positive contribution to the HRA over time and offer good value for money

- 3.1.4. Pre-planning discussions – Early discussions with planners to examine in principle compliance with planning policy.
- 3.2. The shape of the development programme dealt with by this report contains a mixed approach reflecting the various strands and degree of progress on sites, as set out below:
- 3.2.1. New Build – the most advanced elements of the programme are new build schemes on HRA land, predominantly redundant garage sites with high levels of vacancies. The remaining garage tenants will be offered alternative garages in the locality. Schemes proposed in this report are set out in section 3.4 below.
- 3.2.2. Site assembly – site assembly will be required to bring forward sites that may be physically developed in the time period beyond the scope of this report. This can include purchase of existing land or dwellings through negotiation or Compulsory Purchase Orders.
- 3.2.3. Buy Backs – members agreed the Report to Cabinet on 23rd September 2015 entitled “Housing Scheme for the buy back of ex-council properties” which contained proposals to repurchase former Council stock that has been the subject of Right to Buy.
- 3.3. The programme also ensures we start to deliver on the commitments made by the Council in achieving “Housing Zone” status awarded by the GLA earlier in 2015.
- 3.4. The new schemes introduced under this report are set out below in summary:

Site Name	Ward	Number of new Homes	Type and Tenure Mix
Christchurch Avenue	South Hornchurch	2	2 houses for affordable rent
Heaton Avenue	Heaton	4	4 flats for affordable rent
Kilmartin Way	Elm Park	18	13 houses for affordable rent and 5 houses for shared ownership
Mowbrays Close	Pettits	4	4 houses for affordable rent
New Zealand Way	South Hornchurch	34	34 houses and flats for shared ownership across 2

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			sites
Penn Gardens	Havering Park	3	3 houses for affordable rent
Poplar Street, (Lombard Court)	Brooklands	9	9 houses for shared ownership
Roseberry Gardens	Cranham	3	3 Houses for Shared ownership
White Hart Lane	Mawneys	25	25 houses and flats across 2 sites for affordable rent
TOTAL		102	

3.5. Purchase of Street Properties.

3.5.1. Further to members approval of the 23rd September 2015 Cabinet report "Housing Scheme for the buy-back of ex-Council properties" this programme includes provision for the repurchase of suitable dwellings offering good value for money. These properties will be added to the stock of Council rented units.

3.5.2. These dwellings support the sustainability of the HRA through replacement of stock and rental income lost through RTB sales. Purchases are relatively quick to achieve and will ensure the Council is able to retain receipts from RTB sales rather than repaying them to the Department of Communities and Local Government together with an interest charge of 4% over base rate.

3.6. In total the new build programme will deliver 102 units. Of these, 42% will be for affordable rent and 58% shared ownership. Given the locations and nature of the proposals the programme is heavily biased to the provision of houses rather than flats with 80% of the programme delivering houses and 20% will be flatted accommodation.

4. Development Principles.

4.1. The development principles previously set out in the September 2015 Cabinet report which established the Strategic Overview and financial resources to be applied will be adopted for this programme.

- 4.2. The range of tenure and dwelling types across the programme will be valuable in meeting the broad range of housing need in the Borough, and be appropriate to the locality.
- 4.3. Rents will be set at 'Discounted Rent' levels which are capped at 80% of market rent, including where applicable service charges. Shared ownership units are planned to be sold with an average initial sales tranche of 40% and equity rents capped at 2.75% of the unsold equity to ensure the dwellings are affordable for local people. Sales will be monitored throughout.
- 4.4. All dwellings will be constructed to a high quality and will be compliant with the GLA's London Housing Design Guide to ensure both quality of build and compatibility with the GLA funding requirements.
- 4.5. This will ensure that that where possible GLA grant can be sought in order to stretch the Council's resources and deliver the best value for money locally. Approval of Recommendation 3 at the head of this report will enable bids to be made in a timely way, both at the point of any new GLA grant programmes but also as resources become available during the lifetime of existing funding programmes. Such bids for grant will not commit the Council to further expenditure outside the resources already identified.
- 4.6. The programme will aim to maximise corporate revenue savings through the application of housing capital to develop properties with appropriate care and support for vulnerable people. This will include for example, tenancies for people with a learning disability, physical or sensory disabilities, young people leaving care and those with more challenging needs.

REASONS AND OPTIONS

Reasons for the decision:

The increased provision of affordable housing for rent and shared ownership will support the aspirations for new build development set out within the agreed Housing Strategy 2014-17. The schemes will make a positive contribution to the HRA. The shared ownership dwellings will assist local residents who aspire to home ownership but are unable to purchase outright to buy their own home for the first time.

New build development can also have a regenerative impact on a locality, by removing unsightly or disused places such as redundant garage blocks and by replacing run down buildings that are no longer fit for purpose, such as at Lombard Court.

Other options considered:

The option of not increasing affordable housing provision was considered and rejected as it would not begin to deal with the lack of housing supply. It would also not provide opportunities for Havering residents to access low cost home ownership through the shared ownership element of the programme.

IMPLICATIONS AND RISKS

Financial implications and risks:

The 23rd September 2015 report to Cabinet “Housing Development Plan – Strategic Overview” set out the financial parameters and risks associated with the Council’s development programme.

The proposals for phase 3 will be contained within currently approved budgets, i.e. £13.509m in 15/16, and £39.999 in 16/17

Legal implications and risks:

There are no direct legal implications in the development proposals themselves except the potential existence of third party rights over the land or other restrictions. It is understood that initial investigations have been undertaken which appear to indicate there are no legal impediments to the works being undertaken, however, more detailed investigations will be undertaken and legal advice provided as appropriate.

Acceptance of grant funding from the GLA is likely to be subject to a number of conditions including timescales and the design standards for the proposed units. The Council will need to ensure that it complies with these, failing which funding may be withdrawn or clawed back if additional time cannot be negotiated.

The report notes that there may be a requirement to compulsorily purchase dwellings or land in order to assemble development sites. Although no specific proposals are made in this report Section 17(3) of the Housing Act 1985 allows local authorities to acquire land and property by Compulsory Purchase Order for housing purposes.

Any Compulsory Purchase Orders will be subject to confirmation by the Secretary of State. Office of Deputy Prime Minister Circular 06/2004 provides that there must be a compelling case in the public interest for the Compulsory Purchase Orders given the interference with the property rights of those affected. Detailed legal advice is likely to be necessary for the progression of this and other aspects of the proposals and this will be provided as and when necessary.

Human Resources implications and risks:

There are no HR implications or risks for the Council, or its workforce, that can be identified from the recommendations made in this report at this present time.

Equalities implications and risks:

It is not considered necessary to enter into an Equalities Impact Assessment as the proposals contained within this report are entirely consistent with the Council's approved Housing Strategy 2014 – 2017, which itself was subject to a full Equality Analysis.

BACKGROUND PAPERS

None